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General

Paper Discusses Problems of Returning to GATT
OW1302131189 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 6-7, 6-13 Feb 89 pp 43-44

[Article by Feng Yushu (7458 0056 5771): "When Will China Return to GATT?"]

[Text] China was one of the founding members of the General Agreement on Tariffs and Trade (GATT for short). Taiwan illegally occupied China's seat at GATT for a while after New China was established. In July 1986, the Chinese Government filed a formal application in an attempt to recover its legal GATT seat. The application was widely welcomed by GATT signatory states, which considered the application an indication that China was opening its economic policy and further involving itself in the international trade system.

Both China and GATT have been active in the 2 years since, accelerating the process of reviewing this issue. In March 1987, the GATT Council of Representatives set up a special work group to study China's status as a signatory state. In 1988, the Chinese Government sent four delegations to attend the work group's meetings reviewing China's foreign trade system. However, compared with China's regaining entry into World Bank and IMF in 1980, China faces much more difficulty and must wait much longer to recover its seat at GATT. The reasons are:

I. GATT Is a Contractual International Organization

GATT was established by international treaty in 1948 as an international multilateral agreement concerning tariffs and trade policy. Its major activities include conducting multilateral trade negotiations and mediating trade disputes among member states. Its headquarters are located in Geneva. According to the GATT provisions, in order to enter the organization any nation must sign an instrument of accession worked out by GATT working groups after a series of multilateral negotiations. The instrument stipulates a nation's rights and obligations as a GATT member.

It was relatively easy for China to regain its seat at the World Bank and IMF, since it was qualified, was willing to undertake obligations such as paying for its shares, and did not have to engage in bilateral negotiations with other member states. The situation with GATT is different: China has to hold bilateral negotiations with some GATT signatories on substantive issues such as tariff reduction. The resultant agreements must be included in the instrument of accession, which must be in line with GATT's principles and applicable to the rules governing signatory states' most-favored-nation treatment. All these negotiations touch on the involved nations' immediate economic interests. Therefore, haggling is inevitable, and that takes time.

II. Rights and Obligations

Joining GATT means economic benefits, but obligations as well. As the saying goes: "There is no free meal in this world."

China wishes to undertake obligations commensurate with its economic strength and is willing to discuss tariff reductions and other substantive issues with GATT signatories. However, many GATT signatories hold that tariffs do not fully play their major role of regulating import and export trade in nations practicing planned economy: State-owned enterprises' imports and exports are handled in accordance with relevant state departments' policies and plans, and reduction or elimination of tariffs will not lead necessarily to increased imports or changes in import sources, nor will they lead necessarily to opening markets to foreign products. Therefore, when joining GATT, nations practicing planned economy are required to make a special pledge in the instrument of accession, that is, promise to increase imports. For example, Poland guaranteed that "the annual growth rate of the value of total imports from all GATT member-states will not fall under 7 percent." Romania undertook that "the growth of the value of imports from all GATT member-states will not be less than the growth rate of total imports as stipulated in the 5-year plan."

However, assuming an obligation to increase imports would run counter to China's economic structural reform. At the same time, many GATT members are concerned that the economic reforms have yet to help develop market mechanisms in China, and, therefore, making China reduce tariffs will not open its market to GATT member-states.

Although there are no ready precedents to be drawn from the previous negotiations to decide China's obligations, the focal point of the future talks is obvious, that is, whether to include the selective protection provision in the instrument on restoring China's seat.

III. Threat and Limits

The so-called selective protection provision allows a nation whose economy is suffering losses or threatened due to a sharp increase in imports of a commodity from a certain country to impose restrictions only on that specific country, and not any other countries that export the commodity.

Although China is a developing nation, other countries around the world have begun to look upon China in a new light. Many GATT members are concerned that failure to control China before it joins GATT may allow this big country, with its great economic potential, to become a "threat" to the GATT system in the future, once its economy takes off. Therefore, they stress that China must agree to include the selective protection provision in the instrument of accession before it completes its foreign trade and pricing reforms. They intend

to use this provision to restrict China. The history of GATT has shown that Hungary and other nations practicing planned economy have all been forced to accept this provision upon entering the organization.

However, the situation concerning China is different. Many of Chinese products are already victimized by discriminatory protection measures in the international market, which prevents China from increasing its export earnings and therefore from promoting imports, and this affects the development of trade between China and GATT member-states accordingly. Besides, according to GATT's nondiscriminatory principle, a nation imposing restrictions on imports is required to treat all foreign countries equally, which means that the imposed restrictions must apply to all foreign nations, not just one of them. The ongoing multilateral Uruguay Round GATT trade talks also emphasize the nondiscriminatory principle the protective provision. Under the circumstances, it seems impossible for China to accept the selective protection provision, which is against GATT principles. Working out an agenda that is acceptable to both sides will be the key problem at the future talks.

IV. Enhance Understanding and Make Mutual Concessions

China's fundamental state policy of opening to the outside world has made possible its reinstatement as a GATT member, and China's economic reform has paved the way for its return to GATT. After 10 years of reform, China's economic structure is no longer controlled by central planning, but rather by a combination of economic planning and market forces. China's reformed foreign trade system and the fact that China has joined other international economic organizations indicate that the gap between China and GATT in terms of tariffs, prices, and foreign exchange rates is continuing to narrow. China's return to GATT benefits not only China itself, but also GATT members. Once China's economic and trade policy are bound by GATT regulations and rules, GATT member-states will be able to develop stable trade and economic relations with China.

The issue would be much easier to settle if both GATT and China adopted constructive attitudes, willing to enhance mutual understanding and make mutual concessions. On one hand, China should further deepen its economic reform, improving its trade regulations so as to make them conform to GATT regulations. On the other, GATT should consider the long-term outcome, helping China return to GATT at an early date and supporting China's economic reform.

When China will return to GATT hinges on the GATT members' wishes and the outcome of substantive bilateral talks. There are a few cases to which we may refer: After submitting their applications, Hungary waited for 4 years, Romania 3 years, and Poland 8 years to be

admitted officially into GATT. We look forward to China's return to GATT by 1990, before the Uruguay Round negotiations are over.

Commentary on Changing Foreign Relations HK1402041089 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0834 GMT 11 Feb 89

[Commentary by Yi Lan (0122 5663): "Beijing Buries Old Diplomatic Grudges"—ZHONGGUO TONGXUN SHE Headline]

[Text] Hong Kong, 11 Feb (ZHONGGUO TONGXUN SHE)—If we regard the significance of the Soviet foreign minister's recent visit to China just as breaking the 30-year deadlock in Sino-Soviet relations, we are probably being very short-sighted. Now that the Soviet Union is the chief of the Warsaw Treaty Organization as well as "elder brother" of such communist countries as Mongolia, Vietnam, Cuba, and Laos, the normalization of Sino-Soviet relations will certainly help China improve its relations with the aforementioned countries.

As a matter of fact, Cuba, Mongolia, and East European countries have caught the worm as the early bird does. In the past year many ministers and heads of state of these countries visited Beijing one after another. With the visit of a Vietnamese vice foreign minister to China there are indications that the tensions between China and Vietnam, which have grown since the outbreak of the war along borders of the two countries 10 years ago, are also going to ease.

Meanwhile, China has achieved noted progress in improving relations with Saudi Arabia, India, and Uruguay, but not with South Africa, a country which sticks to the policy of racial discrimination. Beijing has already declared: "There is no problem on the Chinese side in resuming its diplomatic relations" with Indonesia; and the amount of direct trade transactions between the two countries is increasing. In addition, China has also begun to make contacts and promote trade with South Korea and Israel.

Beijing has been making efforts to brush aside its old diplomatic grudges, at least in part because of the general trend of relaxation in international relations; and the efforts are made in Beijing's own interest. A few years ago Deng Xiaoping declared on many occasions: China hopes for a lasting peaceful environment in the world so that it will be able to devote itself to economic construction.

It is worth noting that while improving its bilateral relations with different countries, Beijing has not harmed its relations with a third country. For example, its relations with North Korea remain intimate, Sino-Indian good-neighborly relations have not affected the close friendship between China and Pakistan, and no Arab countries have so far complained of contacts made between China and Israel.

Delegation Attends Asian-African Legal Session
OW1402013289 Beijing XINHUA in English
0032 GMT 14 Feb 89

[By Huang Jin]

[Text] Nairobi, February 13 (XINHUA)—The Asian-African Legal Consultative Committee (AALCC) opened its 28th session here today to discuss matters relating to the international trade law, the law of the sea and the criteria for distinguishing between terrorism and people's struggle for liberation.

Most of the 40 member states and a dozen international organizations, including the Organization of African Unity (OAU), have sent delegations to the session held at the Kenyatta International Conference Center in downtown Nairobi.

Opening the session, Kenyan Vice-President Josephat Karanja called on the participants to work out a set of legal guidelines in debt rescheduling negotiations for the benefit of developing countries.

Dr. Karanja pointed out that the debt burden of the Third World countries has become so heavy that it has posed a threat to peace and order in the world.

The crippling debt burden, he added, has severely eroded the ability of some developing countries to provide the basic needs of their people such as medical care, nutrition, education and shelter.

The leader of the Chinese delegation, Professor Wang Houli, said the international legal relationship is an important aspect of the contemporary international relations and the Chinese Government is satisfied with the work of the AALCC, the only inter-governmental legal consultative organ in the Asian and African region, over the past 30 years.

Professor Wang, director of the Department of Treaty and Law of the Chinese Foreign Ministry, said the principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit and peaceful co-existence have become the fundamental norms on international relations.

Mr. Wang, who is leading a five-member Chinese delegation, pointed out that deportation of Palestinians is a violation of the international law such as the 1949 Geneva Convention.

He said the Chinese delegation is ready to exchange ideas with the AALCC member countries on the criteria for distinguishing between terrorism and people's struggle for liberation, which he said, is one of the new areas in the international law.

The session adopted the proposal by the Chinese delegation that Kenya's Attorney General Mathews Muli be the president of the 28th session.

United States & Canada

'News Analysis' Views U.S.-Japanese Ties
HK1402043089 Beijing RENMIN RIBAO
in Chinese 5 Feb 89 p 6

["News Analysis" by staff reporter Zhang Qixin (1728 0796 2500): "A New Step Forward in U.S.-Japanese Relations"]

[Text] Washington, 3 Feb—On 2 February President George Bush met in the White House with Japanese Prime Minister Noburo Takeshita, the first visiting foreign head of government since he took office. After a meeting that lasted more than 2 hours, both leaders indicated the need to push U.S.-Japanese relations to a new stage. After the meeting, both parties did not make public any specific major decisions. However, according to sources here, both countries have reached a wide-ranging consensus on cooperation in political, economic, and security fields. This seemingly shows that new steps forward will be taken in U.S.-Japanese relations in the late 1980's and the 1990's.

Compared with the conditions before Takeshita's visit to the United States a year ago, U.S.-Japanese relations today are relatively calm. Their dispute over the export of American beef and citrus has been solved and the Japanese Government has also met U.S. desire by increasing defense costs and foreign aid amounts in the new budget. Therefore, there are not many major issues crying for an immediate solution on the agenda of both parties. This has provided the two leaders with an opportunity to talk less about the present and look forward more into the future.

After the meeting Prime Minister Takeshita claimed that the meeting marks a new beginning in U.S.-Japanese relations and contributes to world peace and prosperity. President Bush said that in the past 4 decades or so, the United States and Japan have been close friends, respecting each other and, at the same time, needing each other. Commenting on the meeting, U.S. newspapers pointed out: The Bush-Takeshita meeting has not only succeeded in establishing personal relations between the two leaders and relations between the new administration and the Takeshita government, but also indicated that the period of Japan serving as a minor partner of the United States is over. When we look back into the past decade, there have indeed been major changes. In the early 1980's the United States still had a little surplus in its balance of international payments and Japan still had a deficit. By 1987, however, the U.S. international payments deficit reached \$180 billion, while Japan had a surplus of \$87 billion. Moreover, because the United States has become the world's biggest debtor nation and Japan has become the world's biggest creditor nation,

huge amounts of Japanese capital have incessantly flowed into the United States, playing an increasing role in the U.S. economy. With the two countries becoming increasingly interdependent economically, developing U.S.-Japanese relations has become the common demand of both sides.

Since taking office, the new U.S. Administration has attached great importance to developing U.S.-Japanese relations and "has taken official steps to handle well the relations between the two major economic powers in the world." Judging from the U.S. diplomatic angle, the United States needs to enlist Japan's cooperation if it wants to meet the challenges of trade and competition and to maintain continued economic growth and the stability of the world economy. Precisely because of this, soon after taking office, the new administration made friendly gestures to Japan by announcing that President Bush would attend Japanese Emperor Hirohito's funeral, inviting the Japanese prime minister to visit the United States, and appointing a new ambassador to Japan some time ago.

The Japanese side was apparently gratified at the new U.S. Administration's actions to attach greater importance to U.S.-Japanese relations. Especially at a time when, afflicted with the stock scandal, the prestige of the Takeshita cabinet was plummeting, it was even more necessary for Takeshita to take advantage of the Washington trip to make up for the political losses and to try to "start a new page in U.S.-Japanese relations at a higher plane." As a figure in diplomatic circles put it, the information Takeshita wants to bring to the new U.S. Administration is, "Let us leave our disputes behind and concentrate our energy on jointly doing something for the whole globe."

However, the relative calm in U.S.-Japanese relations does not mean that no problems exist between the two countries. In a 1 February article, the WASHINGTON POST pointed out: Friendly gestures on the part of the leaders cannot eliminate, as magic does, the basic conflict between the United States and Japan. For a long time, the Japanese-U.S. trade and investment imbalances have become a knotty problem. These imbalances are still very serious today. In 1988 Japan's trade surplus with the United States dropped somewhat but it was still as high as \$47.5 billion. Although Japan has adopted measures to increase imports, exports tended to rise again last November and December. This shows that the United States has not attained marked results in reducing trade deficits, nor has Japan taken major steps to reduce trade surpluses. According to experience gained in the past decade, this is a principal factor leading to discord between the United States and Japan. Meanwhile, this also has an unfavorable influence in the minds of the American people. Some people in the United States say that Japan is taking over the United States. Although this remark is exaggerated, it has nevertheless reflected people's growing fear that the United States will lose control over the economy. When trying to solve trade disputes in the past, both sides always put

forward various demands to each other, which were often difficult to meet. The media here pointed out: The best way to improve relations and reduce trade imbalances is for each side to adopt firm measures to change the present situation characterized by "U.S. overconsumption and Japan's excessively low consumption." During the Bush-Takeshita meeting, both parties stressed the need to strengthen economic coordination, but they only expressed their intentions.

What responsibility should Japan assume in maintaining Western security and solving the world economic problem? This also represents an issue in U.S.-Japanese relations. The United States hopes that Japan will use some of its surplus to fulfill its due obligation. During the meeting, however, both leaders did not devote much time to this issue.

Taken as a whole, the meeting laid more emphasis on creating a favorable atmosphere for relations between the two countries and stressing their intentions to coordinate policies and strengthen cooperation. It can be said, therefore, that future U.S.-Japanese relations have only made a beginning or, as Bush put it when bidding goodbye to Takeshita, "have laid the basic work for cooperation."

Soviet Union

'Roundup' on Effect of Soviet Economic Reforms
OW1302200989 Beijing XINHUA in English
1627 GMT 13 Feb 89

"Round-Up: Soviet Economic Reforms Yield Results,"
by Sheng Shiliang—XINHUA headline]

[Text] Moscow, February 13 (XINHUA)—The first stage of the Soviet Union's economic reforms have seen remarkable progress in production relations, economic management, economic structure and managerial mechanism.

The reform program was put forward at the 27th Congress of the Soviet Communist Party in 1987.

This initial stage of economic reforms has included a break from the traditional Soviet economic thinking that market mechanism, farm economy, diversified economy, the use of foreign funds, labor competition, bankruptcy and stock, were the tools of the capitalist economy, a belief that the Soviet Union had held since socialism was victorious in the country in 1917.

In these aspects, the most remarkable result is that Soviet enterprises are given more decision-making powers and are protected by three laws—the state-run enterprises law, the cooperative law and the individual labor law.

The implementation of independent economy-accounting in an enterprise is another major change in the Soviet economy, which has basically resolved the dependence of enterprises on state. At the same time, relations between

collectives and individuals—a means of production and labor—were improved thanks to a contrast system and leasing system within enterprises.

The reform of economic management has not been completed, but has yielded initial results. An overall program for economic management has been worked out and is being carried out in production departments. Many unnecessary links between management and production have been cut and staff in various ministries has been reduced by 40 percent.

In the area of planning, the government's directives for production have been replaced with a quota system with orders placed by the state.

Price reforms are being prepared. Wholesale prices will be reformed first, and changes in retail prices will follow after a nationwide discussion. The Soviet banking system also has been reformed, with three banks divided into six banks. Commercial, cooperative and investment banks also have developed rapidly.

Economic structure in the Soviet Union also has changed considerably. For decades, the Soviet economy has focused on accumulation, industry, the means of production, raw materials and military industry, but ignored consumption, agriculture, consumer goods, final products and civilian industry. The reforms are beginning to change that situation.

In the past three years, the consumer proportion of national income has increased by 80 percent. The gap between agriculture and industry has been narrowed gradually. The speed of development of the light industry has exceeded heavy industry by twofold this year, while the military industry has expanded products for civilian use.

But on the whole, the speed of economic reforms is not faster than anticipated. Many people have not adapted their thinking to the new situation. Thousands of directive plans and regulations that have accumulated under the administrative order system are difficult to remove. Some among the country's millions of officials are worried about losing their privileges and some cannot adapt themselves to the reforms because they are in advanced age.

On the other hand, a five-year plan worked out under an old system will hamper a new system from playing its role in the course of transition from the old system to the new.

During the transition from old to new and before economic reforms demonstrate effects, the Soviet economy will still face its quite complicated situation for several years.

Scholars Compare Chinese, Soviet Development
HK1302143389 Beijing ZHONGGUO XINWEN
SHE in Chinese 1125 GMT 9 Feb 89

[Report: "Mainland Scholars Make a Comparative Study of the Chinese and Soviet Roads of Development"]

[Text] After a comparative study of theories in China and the Soviet Union's socialist periods, a Chinese scholar holds that the basic cause of the two countries' mistakes in the development stage had to do with assumption, boasting, and deception, which resulted in endless harm. From the roads traversed by China and the Soviet Union, we can draw the important conclusion that seeking truth from facts is what counts in achieving victory.

The scholar, Tian Sen, said that concerning the development stage of socialist society, both China and the Soviet Union overlooked the features of underdeveloped countries and had long committed "leftist" mistakes that went beyond the stage. What is gratifying is that, after setbacks, both China and the Soviet Union have raised awareness by summing up experiences and lessons and have shared something in what has been put forward. In Soviet theoretical circles in the past few years philosophers and economists have also suggested that the Soviet Union can now be considered to be in "an initial stage."

Tian Sen considers that, judging from the origins of social history, the reason why it is so difficult to oppose the "left" is that "leftist" stuff is condensed with the feudalist patriarchal system to form an inveterate disease. Ideologically speaking, this is because of a negation of contradictions existing in socialist society, or a mistaken understanding of contradictions. To rectify past "leftist" mistakes thoroughly, we must radically reform the old system.

Tian Sen also stressed that the political system's reform is an important guarantee for stimulating overall reform. If such common diseases as nonseparation of party control and administration, nonseparation of government administration and enterprise management, bureaucratism, lifetime tenure, patriarchal practices, and so forth are not eliminated and if social members are not given democracy, productive forces cannot be fully developed. Nor can people's originality be brought into full play. The basic cause of the two failed reforms in the periods of Khrushchev and Brezhnev was failure to reform the political system. The inevitable result was the failure of the reform of the economic system in its infancy.

This writer wants to say that what is worth noting is that the past mistakes of both China and the Soviet Union naturally have much in common. But given Soviet emphasis on treating well, using, and training intellectuals over a long period of time, at the present high scientific and technical level has been reached. Intellectuals have accounted for about 30 percent of the population, or nearly three times the peasants of collective

farms. This represents a great advantage and a strong base for Soviet reform and development. In this respect, China should realistically draw a lesson and lose no time catching up.

Tian Sen's new work "A Comparative Study of Theories in the Socialist Periods of China and the Soviet Union" has been published by the Hunan People's Publishing House.

Southeast Asia & Pacific

Spokesman Says No Visit by SRV Foreign Minister
OW1402085989 Beijing XINHUA in English
0833 GMT 14 Feb 89

[Text] Beijing, February 14 (XINHUA)—A Chinese Foreign Ministry spokesman said here today that conditions are not ripe yet for the Vietnamese foreign minister to visit China.

Asked to confirm news about the Vietnamese Foreign Minister's visit to China, the spokesman said: "There is no such arrangement."

Thai Press Reports on Sitthi's Official Visit

On SRV Pullout, Aid Cut
BK1102004389 Bangkok THE NATION in English
11 Feb 89 p 1

[By Kawi Chongkitthawon]

[Text] Beijing—Foreign Minister Sitthi Sawetsila said yesterday that China and the Soviet Union have agreed to coordinate the timetables of the Vietnamese troop withdrawals from Kampuchea and the cessation of external support for the warring Khmer factions.

Sitthi told reporters after more than three hours of talks with his Chinese counterpart Qian Qichen that Vietnam must first produce a precise pullout timetable before sponsors of the Khmer resistance Coalition Government of Democratic Kampuchea (CGDK) fix a timetable for the reduction of aid to resistance guerrillas.

The idea was first broached by Nguyen Co Thach, Vietnam's deputy prime minister and foreign minister, during a press conference at the first informal meeting of rival Khmer forces and their regional sponsors in Bogor last July. Thach then challenged ASEAN delegates to link the two frameworks to each other.

One senior Thai official said that all concerned parties must now agree on measures to verify the troop pullout and phased reduction of military aid to all four Khmer factions, including the pro-Hanoi People's Republic of Kampuchea (PRK).

Sitthi also hailed the Sino-Soviet joint statement as an important event in the search for Kampuchean peace. "It will contribute to world's peace and security," he said.

The minister quoted Qian as saying that China and the Soviet Union held more than 30 hours of discussions on Kampuchea during Foreign Minister Eduard Shevardnadze's visit here last week and an additional 30 hours of meetings after he left before the two sides were able to hammer out the joint statement.

In response to the Sino-Soviet statement, the resistance groups also proposed modalities to implement Prince Norodom Sihanouk's five-point peace plan. The modalities imply that all military aid to all the Khmer factions should be ended the day the Vietnamese forces have completely left Kampuchea.

Just last week, the resistance groups continued to publicly reject the proposed linkage.

Both Thailand and China expressed support for this move toward peace by the resistance, Sitthi said.

Sitthi, who is scheduled to meet Sihanouk this morning, will reaffirm Thailand's support for the prince's central role in the search for a Kampuchean settlement.

"I will try to encourage him and explain the Thai positions to him," Sitthi said.

In Bangkok, Prime Minister Chatchai Chunchawan refused to comment on the resistance's latest peace proposal.

He said that it was premature to make any comment at present, adding that things would become clear after the second Jakarta Informal Meeting (JIM II), scheduled to take place Feb 19-21.

Asked about the deadlock between the CGDK and the pro-Hanoi Phnom Penh regime, the prime minister said that it was an internal affair that the four Khmer factions will have to discuss.

Sihanouk was upset by Prime Minister Chatchai Chunchawan's meeting with Hun Sen, premier of the PRK last month. Sihanouk has since turned down Chatchai's invitation for him to visit Thailand to "play jazz."

Sitthi said China understands Thailand's desire to see a quick solution to the Kampuchean conflict.

China, he said, was curious about how Hun Sen conducted during his meetings with the Thai leaders.

"It's important," Sitthi said, "to talk to all four Khmer factions to learn their views."

But that does not mean that Thailand altered its position on Kampuchea, he added.

Vietnam must produce a precise withdrawal timetable for its remaining troops in Kampuchea at JIM II, Sitthi said.

He also expressed the hope that even if the upcoming meetings fail to produce any substantive progress on the internal aspects of the Kampuchean problem, the four factions will still maintain communication.

"It can be held at any place and at any time," Sitthi said.

After a courtesy call on Chinese Communist Party leader Zhao Ziyang, Sitthi will leave for Guangzhou this afternoon to open a new consular [office]. Sitthi is scheduled to return to Bangkok tomorrow.

Meets With Qian Qichen

BK1102022389 Bangkok BANGKOK POST in English
11 Feb 89 pp 1,3

[By Banyat Thatsaniyawet in Beijing]

[Text] Thailand is prepared to host a meeting of the four Khmer factions if the warring parties agree to pursue talks after the second Jakarta Informal Meeting [JIM II] between February 19-21, Foreign Minister Sitthi Sawet-sila said in Beijing yesterday.

However, ACM [Air Chief Marshall] Sitthi, who met his Chinese counterpart Qian Qichen for about three and a half hours yesterday, said Thailand would be prepared to do so only upon request and if the rest of ASEAN agrees.

"If someone else proposes that Thailand host the meeting and ASEAN agrees, then Thailand is prepared," he told Thai reporters accompanying his delegation.

The foreign minister, who is on his 15th visit to China, said he believes that the four Khmer factions should continue to meet even if they cannot resolve their internal problems at the upcoming JIM II meeting.

He said Khmer resistance leader Prince Norodom Sihanouk should chair such a meeting.

But he added that the prince may prefer to hold such a meeting in another city such as Paris.

Commenting on the clarification made by the Khmer resistance on their five-point peace proposal, ACM Sitthi said the clarification contained "good and clear elements" which he expects will be proposed at the JIM II meeting.

The Khmer resistance on Thursday proposed that a 2,000-strong United Nations force be deployed in Kampuchea to keep Vietnam out of that country and to ensure the Khmer Rouge do not return to power.

The resistance remained firm on their previous stand that the Heng Samrin regime be "dismantled."

Contradicting his predictions made before his departure from Bangkok, ACM Sitthi said yesterday that he now thinks the JIM II meeting "would be better than the JIM I meeting" because the ASEAN foreign ministers and the Khmer resistance representatives will have a chance to meet at JIM II.

The minister said he expects more results from JIM II, but did not say whether the four Khmer factions would be able to resolve completely their "internal differences."

Commenting on his talks yesterday, ACM Sitthi said Qian Qichen briefed him on the recent Sino-Soviet talks which he described as "very important."

The minister said both the Chinese and the Soviets agreed that Prince Sihanouk must be the head of the four Khmer groups in a political solution.

The basic difference between the Chinese and Soviet positions, ACM Sitthi said, is that the Chinese want Sihanouk to be the head of a provisional government while the Soviets want the prince to head a "provisional body" comprising the four factions.

The Soviet proposal, ACM Sitthi said, is the same proposal submitted by Vietnam and the Heng Samrin regime.

Mr Qian told ACM Sitthi that it took exhaustive hours of negotiations before the joint Sino-Soviet statement on Kampuchea could be issued.

The Chinese foreign minister said it took 30 hours to draft the statement while the Chinese had to wait another 30 hours before the statement could be released.

ACM Sitthi said he believes that the international aspects of the Kampuchean conflict is basically resolved leaving only the internal aspects to be ironed out by the four Khmer factions.

The minister said he briefed Mr Qian on his visit to Vietnam and the recent visit to Bangkok by Pnom Penh leader Hun Sen.

Mr Qian gave no indication of what China's reaction to the Hun Sen visit was and only asked what statements Hun Sen made during the visit.

The Chinese foreign minister told ACM Sitthi that he understands Thailand is trying to solve the Kampuchean problem.

ACM Sitthi reiterated to Mr Qian the Thai position on the Kampuchean conflict has not changed as a result of the Hun Sen visit.

However, Mr Qian noted that Sihanouk may be "saddened" by the visit.

ACM Sitthi said he is scheduled to meet the prince today and intends to reassure him that Thailand and ASEAN fully support him and his peace initiatives.

Commenting on the international aspects of the Kampuchean conflict, ACM Sitthi said he and Mr Qian agreed that Vietnam needs to produce a detailed timetable for its troop withdrawal before a separate timetable for the cessation of support for all the Khmer factions is drawn up.

Both Thailand and China, however, are confident that a Vietnamese withdrawal and a cessation of external support for the Khmer factions can be achieved by September.

Vietnam has said it is prepared to withdraw all its troops from Kampuchea by September if a political solution is reached.

ACM Sitthi said he believes the external aspects of the conflict can be resolved within this year although the internal problems could persist.

He said that if the four factions could not resolve their differences before September this year and before the completion of the Vietnamese troop pullout, a civil war could break out and Thailand would be affected.

ACM Sitthi said Prime Minister Chatchai Chunhawan is expected to visit China between March 15 and 19 to discuss the Kampuchean problem and the Sino-Thai relationship with Chinese leaders.

Sihanouk Holds Talks With Thai Foreign Minister

To Resume Resistance Leadership

BK1202035689 Bangkok THE NATION
in English 12 Feb 89 pp 1, 2

[By Kawi Chongkitthawon]

[Text] Beijing—Exiled former monarch Prince Norodom Sihanouk declared yesterday he will resume the presidency of the three-party Kampuchean coalition government to boost the resistance's position against the pro-Hanoi Phnom Penh regime.

Sihanouk also said he has accepted Prime Minister Chatchai Chunhawan's invitation to visit Thailand in April.

"I will visit Thailand as president of the resistance, which should now be called the 'Kampuchean National Resistance,'" he told a group of Thai reporters after a two-hour meeting with Foreign Minister Sitthi Savetsila. The official name of the resistance alliance is the Coalition Government of Democratic Kampuchea, named after the infamous Khmer Rouge's legal framework of Democratic Kampuchea.

Buoyed with Sihanouk's decisions to visit Thailand and resume the presidency, Foreign Minister Sitthi said he asked Chinese Communist Party Secretary General

Zhao Ziyang to persuade his Soviet counterpart Mikhail Gorbachev to reach a conclusion on the issue of Sihanouk's leadership in a Kampuchean settlement.

"I told him that if he meets Gorbachev in May, I hope that a solution will be achieved to the effect that the prince is recognized as the top leader of the four Khmer factions in a future government," Sitthi said.

He noted that the latest Sino-Soviet joint statement, issued at the end of Soviet Foreign Minister Eduard Shevardnadze's recent visit to Beijing, only vaguely referred to Sihanouk as the leader of an organization.

The prince said he resigned as CGDK president in May 1987 with the hope that he could discuss and agree on a Kampuchean settlement with Hun Sen, premier of the People's Republic of Kampuchea (PRK), as an individual.

"But I failed in my attempt to achieve an agreement with him. After three meetings with him, there is no chance for a break through," he said.

The three resistance partners are now more united than ever and determined to end the Kampuchean war after his meeting with them last week, Sihanouk said.

At the meeting, which was requested by the Khmer Rouge, Sihanouk, Khmer Rouge leader Khieu Samphan, Prince Norodom Ranariddh of the Army of Nationalist Sihanoukists, and Son Soubert, son of Son Sann of the Khmer People's National Liberation Front, agreed upon "modalities" for Sihanouk's five-point peace plan.

Sihanouk admitted that the resistance is facing difficulties as the Phnom Penh government had rejected all of his proposals, including the call for the establishment of a four-party provisional government and the stationing of an international peace keeping force in Kampuchea.

The prince's decision to return to head the resistance follows his expressed displeasure over Chatchai's meeting with Hun Sen last month—a move which Sihanouk claimed has weakened the CGDK's position.

"I cannot say that I am happy about it," Sihanouk said, adding that he has no right to criticize or interfere with Thailand's decision.

The prince said that he would not mind chairing a meeting of all four Khmer factions, including Hun Sen, in Bangkok to discuss the domestic aspect of the Kampuchean problem.

In a separate interview, Sitthi said if Thailand is approached to host the four Khmer factions, "we will be happy to accept". Sitthi said the resistance leaders can be informed of any meeting easily, given that they are located on the Thai-Kampuchean border.

Sihanouk said he is not optimistic about the upcoming Kampuchean talks in Jakarta, also known as JIM II, because the positions between the CGDK and the Phnom Penh regime remain far apart.

"It is too early to settle the Kampuchean problem. The stands taken by PRK and CGDK are quite different," the prince said.

Sihanouk asked China, Thailand and ASEAN to help bridge the gap to hasten the formation of a provisional government by the Khmer factions.

Sihanouk, in his five-point plan, has demanded the simultaneous dismantling of the PRK and CGDK legal frame works to pave the way for the formation of the four-party coalition interim government, to be charged with preparing the general election. The Phnom Penh government has rejected Sihanouk's proposal.

However, Sihanouk suggested that the proposed provisional four-party government can be called an "executive committee" if Hun Sen is reluctant to accept the term "government".

Asked whether the PRK and CGDK can strike a compromise on a provisional government, Sihanouk said the possibility only exists if Vietnam agreed to withdraw its troops without any preconditions.

Sihanouk quoted Sitthi as saying that Vietnam has expressed willingness to pull all of its troops out of Kampuchea by September—without linking it to an internal political settlement.

The prince said if that is true, there is a possibility that Hun Sen will become more flexible in forming a provisional "executive committee". Sihanouk added that if no agreement is reached by the Khmers, civil war will follow the Vietnamese troop withdrawal. "Hun Sen does not want that," the prince said.

Clarifying the prince's statement, Sitthi said Vietnam had dropped all conditions except its demand that the timetables for the withdrawal of Vietnamese troops and the halt of external support to all Khmer factions be linked together at a meeting of Chinese and Vietnamese officials last January.

Before leaving for Guangzhou, Sitthi paid a courtesy call on Zhao, who emphasized that the external and domestic aspects of the Kampuchean conflict cannot be solved separately.

Zhao said that Vietnam should not only genuinely withdraw from Kampuchea, but it must also be held responsible for creating Kampuchea's current domestic problems, according to Sitthi.

"Otherwise, China will not normalize its ties with Vietnam," Sitthi quoted Zhao as saying.

Sihanouk said the resistance has accepted the linkage of the two timetables. "But it must be verified by United Nations bodies," the prince said.

Sitthi said Chatchai, who is scheduled to visit China on March 15-19, will meet Sihanouk during that time for talks on Kampuchea.

Provisional Demand Dispensable

*BK1202005289 Bangkok BANGKOK POST
in English 12 Feb 89 p 1*

[By Banyat Thatsaniyawet in Beijing]

[Text] Prince Norodom Sihanouk said yesterday he is prepared to give up his demand that a provisional government made up of the four Khmer factions be set up to resolve the Kampuchean conflict.

The prince also announced he is resuming the presidency of the resistance coalition.

The formation of a provisional government to oversee free elections is one of the crucial elements of the prince's five-point peace proposal put forward during his last meeting with Phnom Penh leader Hun Sen at Fere en Tardenois, France, in November.

Phnom Penh and Vietnam have rejected the provisional government proposal.

The provisional government remained one of the differences between Chinese Foreign Minister Qian Qichen and his Soviet counterpart Eduard Shevardnadze during their recent meeting in Beijing.

In the joint Sino-Soviet statement released on February 6, the Chinese said it favoured the "creation of a provisional coalition government in Kampuchea with the participation of the four sides" to be headed by Prince Sihanouk.

The Soviets, however, said they would support "an agreement by the four Kampuchean sides concerning the creation of a provisional body under the chairmanship of Norodom Sihanouk with the participation of representatives of the four sides."

But the prince yesterday told Thai reporters accompanying Foreign Minister Sitthi Sawetsila to China that if Hun Sen rejects the provisional government proposal, he is prepared to call it an "executive committee."

The prince explained that the formation of the "executive committee" must be set up "outside the framework" of the People's Republic of Kampuchea (Heng Samrin regime) and Democratic Kampuchea (Khmer resistance).

The prince said that although he is willing to be flexible with his "executive committee proposal" he would still demand that the Heng Samrin regime be dismantled.

The prince did not say whether he expects to chair the "executive committee" but noted that the body should comprise the four Khmer factions and be responsible for overseeing free elections.

Sihanouk said he has informed ACM [Air Chief Marshall] Sitthi of his proposal.

Asked if he believes that Hun Sen would accept such a proposal, Sihanouk said Hun Sen should realise that once the Vietnamese leave Kampuchea a situation similar to Afghanistan could occur, with the resistance forces quickly regaining territory in the country.

"He will have to accept my reasonable proposal," the prince said.

The prince said he thinks the internal Khmer problem to be resolved among the four Khmer factions at the second Jakarta Informal Meeting scheduled for February 19-21 is still great.

"It is my experience that it is too early to settle the problem of Kampuchea. The stand of the People's Republic of Kampuchea (Heng Samrin) and the Coalition Government of Democratic Kampuchea (Khmer resistance) are quite different. The gap is so large."

For this reason, the prince said, he is proposing the formation of the "executive committee".

Announcing his new proposal, the prince also said he is resuming the presidency of the Khmer resistance.

The prince, whose predictability lies in his unpredictability, has resigned the presidency five times already. The last time he "irrevocably" resigned was in July 1988.

Sihanouk said he has decided to resume the presidency so as to strengthen the Khmer resistance, adding that he would visit Thailand in April as "president of Democratic Kampuchea."

The prince said he resigned in July because Hun Sen had refused to accept all of his peace proposals. He decided to resign then hoping that Hun Sen would be "flexible."

"But I failed. I met Hun Sen three times but Hun Sen absolutely rejected my proposals," the prince said.

"In order to show the other side (Vietnam and Hun Sen) that we (the resistance) are united," he is once again assuming the presidency, said Sihanouk.

Quoting a French proverb which says "To be united is to be strong," the prince said the resistance coalition is now more united than ever.

Sihanouk said he now realises he cannot achieve anything that is "concrete or of benefit" outside the resistance "so I return to the resistance."

Foreign Minister Sitthi said yesterday he told Chinese Communist Party General Secretary Zhao Ziyang he hopes the summit between Soviet leader Mikhail Gorbachev and Chinese leaders in May will resolve the differences which remain between the two countries.

ACM Sitthi said he also expressed his hope that Gorbachev will agree to certain resolutions and accept the prince as the head of a "conciliatory group".

Ready To Chair Summit

BK1202011089 Bangkok BANGKOK POST
in English 12 Feb 89 p 1

[By Banyat Thatsaniyawet in Beijing]

[Text] Prince Norodom Sihanouk said in Beijing yesterday he is prepared to chair a meeting of the four Khmer factions in Bangkok to clear up any differences left unresolved after the second Jakarta Informal Meeting (JIM II).

The prince also said he will visit Bangkok in April—instead of November or December—to pay his respects to His Majesty the King and to meet top government officials as well as other leaders of the Kampuchean resistance coalition.

Sihanouk, talking to Thai reporters accompanying Foreign Minister Sitthi Sawetsila to China, said the visit to Bangkok by Phnom Penh leader Hun Sen had "weakened the coalition and legitimacy" of the Khmer resistance.

The possibility of Bangkok becoming the venue of a meeting of the four Khmer factions was suggested on Friday by ACM Sitthi, who had a working breakfast with Sihanouk yesterday morning.

Aware of diplomatic sensitivities within ASEAN, ACM Sitthi also said on Friday Thailand would be prepared to host such a meeting only upon request and only with ASEAN approval.

Sihanouk said yesterday that if Hun Sen agrees to attend a meeting in Bangkok after the JIM II meeting scheduled for February 19-21, he would be prepared to chair the meet.

But the prince stressed he would not be in the chair in his capacity as leader of the Sihanoukists.

Sihanouk also expressed doubt that Hun Sen would be willing to attend such a meeting.

"Hun Sen is very arrogant. He may say 'No, I would like to go to Bangkok as somebody not under the chairmanship of Sihanouk'," said the prince.

"I refuse to be treated as an equal with Heng Samrin," he said, but added:

"I will accept only to be chairman of the four-party meeting and not the leader of the Sihanoukists."

The prince said his son, Prince Rannaridh, would lead the Sihanoukists in such a meeting.

Sihanouk said he was "not very optimistic" about the prospects of a breakthrough on the internal problems of the Khmer conflict to be discussed at the JIM II meeting.

"It is my experience that it is too early to settle the problem of Kampuchea.

"The stand of the People's Republic of Kampuchea (Heng Samrin) and the Coalition Government of Democratic Kampuchea (Khmer resistance) are quite different. The gap is so large."

Asked to comment on Sihanouk's conditional agreement to chair a four-faction meeting in Bangkok, ACM Sitthi said yesterday that "Sihanouk has no problem."

"We must create an understanding with Indonesia and France that this is not our initiative," ACM Sitthi said.

"There is a high possibility of a four-party Khmer meeting (in Bangkok). Thailand is geographically close to Kampuchea. The three parties of the resistance are in Thailand and Hun Sen has already been to Bangkok."

After his meeting with ACM Sitthi, Sihanouk said he would visit Bangkok in April "on the invitation of the Thai Government and Foreign Minister Sitthi."

"I shall go earlier in order to show my profound respect to His Majesty the King and the Thai people" and to hold a meeting of the Khmer resistance, he said.

Asked if he was still unhappy about Hun Sen's visit to Bangkok, the prince said:

"An independent foreign country will not interfere with your internal affairs.

"Thailand, as a sovereign country, is absolutely free to do what you want as far as your internal affairs are concerned," the prince said.

Sihanouk added that when Prime Minister Chatchai Chunhavan decided to invite Hun Sen to Bangkok he got a very warm reception.

"It is in conformity with the spirit of the sovereignty of Thailand," the prince said.

The prince said he had no right to criticise or interfere with Thailand's internal affairs.

"But if you want to know my feeling, I am not happy with the event.

"The Democratic Kampuchea is still the legal government of Cambodia because the United Nations and ASEAN recognise Democratic Kampuchea as the legal government of Cambodia.

"Why receive Hun Sen? Prime Minister Chatchai said it was a private and not official visit. The great country like Thailand received Hun Sen, made the Heng Samrin (government) and Vietnam have an advantage and weakened the coalition and legitimacy for Democratic Kampuchea.

"Already the US press calls the PRK (Heng Samrin regime) 'Cambodia'.

"This means that from now on in the international community Hun Sen is Cambodia and we are just rebels. How come?" the prince asked.

Sihanouk Resumes Duties as Resistance Leader
OW1302194089 Beijing XINHUA in English
1439 GMT 13 Feb 89

[Text] Beijing, February 13 (XINHUA)—Samdech Norodom Sihanouk has resumed his duties as president of Democratic Kampuchea, warning that the country faces the threat of being "Vietnamized" as Vietnam continues to talk of ending its 10-year occupation.

"As a patriot, I have the duty to retake the helm to try my best to lead the Kampuchean National Resistance Forces to save Kampuchea," Sihanouk said in a Monday announcement of his return.

The Kampuchean leader said recent developments regarding the "Kampuchean problem" are posing a threat to Kampuchea and required his return.

Sihanouk quit the presidency of Democratic Kampuchea last July.

Resuming his presidential duties yesterday, he said that Kampuchea now has more than one million Vietnamese immigrants, which makes the country "practically Vietnamized." He also said that Vietnamese soldiers in the uniforms of Kampuchean soldiers have been assigned to the Phnom Penh regime's Kampuchean Army.

The Hun Sen-Heng Samrin regime's departments, administrative organs and foreign and internal affairs policies are under the tight control and command of Vietnam, Sihanouk said.

He appealed to the world community not to readily believe the Vietnamese propaganda that it will complete its troops withdrawal by this September or 1990.

Northeast China Export Fair Held in Singapore
*SK1202035789 Changchun Jilin Provincial Service
in Mandarin 1030 GMT 11 Feb 89*

[Text] Our province yielded good results from the export commodity fair of the three in northeast Chinese provinces held in Singapore. The province's transactions at this fair amounted to \$20.68 million.

This export commodity fair was jointly sponsored by the Liaoning, Jilin, and Heilongjiang provincial branches of the China Council for the Promotion of International Trade in Singapore from 4 to 12 January. From our province, 20 foreign trade and industrial trade companies, some industrial and mining enterprises with the right to deal in import and export businesses, and a group for discussing economic and technological cooperative projects attended this export commodity fair. Some 400 varieties of the province's products in 12 major categories were put on display at this fair. Of these products, 10 were put on the Singapore market for the first time. They included mainly: clothes, vehicle steel bearing wheels, white goose down, processed corn powder, radio sets, and (?electromagnetic walking sticks).

Near East & South Asia

PLO Political Director Qaddumi Pays Visit

Meets With Qian Qichen
*OW1402101989 Beijing XINHUA in English
0924 GMT 14 Feb 89*

[Text] Beijing, February 14 (XINHUA)—Chinese Foreign Minister Qian Qichen said here today that China supports and will make efforts to promote an earlier U.N.-sponsored international conference on Middle East peace so as to reach an all-round just and lasting settlement of the middle east issue.

During his talks with Palestine Liberation Organization's Political Director Faruq Qaddumi here this morning Qian said China as a permanent member of the U.N. Security Council is willing to make positive contributions in promoting the Middle East peace process.

He noted that in the past year, PLO and Arab countries' efforts in seeking a political solution to the Middle East issue were welcomed by the international community.

Qaddumi briefed Qian on the Middle East situation since the Palestinian people in the occupied territory began their struggle against Israeli occupation and PLO's actions for the national rights of the Palestinian people and a peaceful solution to the Middle East issue.

He said all parties concerned should adjust their policies to suit the new situation in the Middle East.

To bring about just and all-round peace in the Middle East, Qaddumi said, all conflicting parties including Arab countries, Palestine and Israel, should guarantee the national independence and rights of the Palestinian people and the right to a stable life of all parties on the basis of U.N. Resolutions 242 and 338 and an equilibrium of interests of all parties.

Attends Banquet
*OW1302150889 Beijing XINHUA in English
1450 GMT 13 Feb 89*

[Text] Beijing, February 13 (XINHUA)—Foreign Minister Qian Qichen said here tonight that China appreciates the efforts of the Palestine Liberation Organization (PLO) to build closer relations with Arab countries and develop relations with Western European nations, and it welcomes the PLO's dialogue with the United States.

Addressing a welcoming banquet for the PLO's political department director, Faruq Qaddumi, Qian said the PLO's efforts are positive measures which are conducive to a political solution to the Middle East issue.

Leading the first Palestinian delegation to China since the founding of the State of Palestine last November, Qaddumi arrived here this afternoon at Qian's invitation.

Sources said the purpose of Qaddumi's visit is to brief China on recent developments in the Middle east and the PLO's position on a solution to the Middle East issue.

In reply, Qaddumi said that an international conference is a suitable way to realize justice and peace in the Middle East. This suggestion enjoys worldwide support, he noted.

He appealed to China and the other permanent members of the United Nations Security Council to implement all the resolutions on the Palestine issue and the Middle East so as to promote the convention of an international conference on these questions.

Qaddumi conveyed PLO chairman Yasir 'Arafat's regards to Chinese President Yang Shangkun.

Qaddumi is expected to hold talks with Qian tomorrow.

More on Banquet
*OW1402013589 Beijing Domestic Service in Mandarin
2230 GMT 13 Feb 89*

[Text] Foreign Minister Qian Qichen hosted a banquet at the Diaoyutai State Guesthouse last evening to warmly welcome Faruq Qaddumi, director of the PLO's Political Department and emissary of the newly established State of Palestine, and his entourage who are in China in response to an invitation.

In his banquet speech, Qian Qichen congratulated the State of Palestine on its establishment and lauded the positive steps taken by the PLO toward achieving a political settlement to the Middle East issue. He asserted: The Chinese people have always supported the Palestinian people in their struggle. We are on your side regardless of whether your cause is developing smoothly or facing difficulties. Foreign Minister Qian Qichen denounced the barbaric acts committed by the Israeli authorities in suppressing the defenseless Palestinian people. He called on the Israeli authorities to face reality, to give up their policy of aggression and expansion, and to adopt a flexible attitude in order to bring about a comprehensive, fair, and lasting settlement of the Middle East problem at an early date.

Qaddumi expressed gratitude to China for having stood on the side of the just struggle waged by the Palestinian people from the very beginning, providing support and assistance in every field. He appealed to China and to the other permanent members of the UN Security Council to implement all resolutions pertaining to the Palestinian and Middle East issues in an effort to promote the convocation of an international conference on these questions.

Israeli Premier's New Peace Plan Repudiated
HK1302003089 Beijing RENMIN RIBAO
in Chinese 4 Feb 89 p 6

["Jottings" by staff reporter Lin Jiaoming (2651 4109 2494): "Shamir Wearing Opaque Glasses"]

[Text] Cairo, 2 February (RENMIN RIBAO)—Israeli Prime Minister Yitzhaq Shamir does not wear glasses, but in a recent public farce staged in Israel which drew a large audience, not only was Shamir extremely near-sighted but he also wore a pair of opaque glasses. This appearance by Shamir in costume and makeup is significant. Shutting his eyes to the changed international situation and denying the basic change of the Palestine Liberation Organization, Shamir, staggering along, obstinately goes round and round in a blind alley. What is the difference between this attitude of Shamir's and his wearing opaque spectacles?

On 1 February Shamir put forth a two-stage "new peace plan." The contents are roughly as follows: In the first stage, Israeli troops will withdraw from some cities on the West Bank of the Jordan River and the Gaza Strip and move to designated areas, and the Palestinians will practice "self-rule" for 5 years; in the second stage, after the 5-year transition period ends, Israel and local Palestinians, together with Arab nations concerned, will unconditionally hold direct negotiations but "on no account will it negotiate with the PLO," and the status of the West Bank of the Jordan River and the Gaza Strip will be decided through the negotiations.

What is interesting is that in less than a month, Israel put forth several versions of this "proposal." Prior to this, on 10 January, departing from his normal behavior, Shamir endorsed the linking of Arab-Israeli direct negotiations

with "being under UN auspices." On 20 January Defense Minister Yitzhaq Rabin also put forth a "four-point plan" whose substance was very much the same as Shamir's plan, that is, under "international supervision" elections will be held in the West Bank and the Gaza Strip to elect delegates to negotiate with the Israeli authorities and "broad self-rule" will be carried out there. In the days to come the West Bank and the Gaza Strip will form a confederation either with Israel or Jordan, but the Jewish settlement centers will remain unchanged. "Defense authority" will be exclusively in Israeli hands.

Several hours following the announcement of Shamir's "new" plan, the PLO rejected the plan unequivocally. PLO spokesman (La he mai) [2139 6378 6701] advised him "not to fiddle with the old stock any longer." In fact, both Shamir's and Rabin's plans stress the implementation of "self-rule" in the occupied territories. However, Middle East propositions with "self-rule" at the core are nothing new. Mr Shamir mistook the old stock as a new one, either because he has poor eyesight or because he "wears opaque glasses."

As a matter of fact, Prime Minister Shamir could only come up with the old stock no matter how hard he ransacked boxes and chests. This was the result of the pressure of events. Nevertheless, it is a bit unfair to say that he ignores everything. He is well aware that the U.S.-PLO dialogue has begun and West European countries urged him to sit down at a negotiation table with the PLO and even responded to the word leaked from Britain that the United States and the Soviet Union had drawn up a timetable for Middle East peace talks. However, Shamir feigned not hearing the PLO's positive responses, such as the PLO unilaterally taking the initiative to recognize the right of the Israeli state to exist and strongly appealing for a settlement of the Arab-Israeli conflict and the establishment of a Palestinian state through national self-determination. In so doing, he deliberately wore opaque glasses. This is a sheer deception!

The humor of the Jewish nation is sometimes quite biting. In the farce, when asked by the eye doctor whether he felt more comfortable with his eyes completely hooded, guess how he would answer. "No, it would be better if I have my ears completely plugged." With this, the whole theater was rocking with laughter. We do not know what the Israeli prime minister really thinks about this. Does he really wish to become a politically blind and deaf "person who has no mass support?"

Pakistani Prime Minister Bhutto Concludes Visit

Interviewed on Relations
OW1302145689 Beijing XINHUA in English
1435 GMT 13 Feb 89

[Text] Beijing, February 13 (XINHUA)—Pakistan Prime Minister Benazir Bhutto said here "we want to live in peace and friendship with our neighbors".

In an interview with the English-language weekly "BEIJING REVIEW" Saturday, she said that such relationship should be "on a honorable basis".

One aspect of Pakistan's foreign policy is "to protect the security, independence and territorial integrity of Pakistan", she said.

She said that Pakistan is interested in expanding economic and commercial links with different countries and international communities.

On Pakistan-India relations, she said that "Pakistan and India have had a troubled past, which has led to issues that have arisen from time to time, Kashmir being the most dominant".

"The end result has been the growth of much mistrust and suspicion. But at the moment there is tremendous goodwill for peace in the region and a momentum toward it", she said.

She said: "Prime Minister Rajiv Gandhi and I had a good meeting at SAARC. We feel that by signing the three agreements between our two countries, we also made a significant start in attempting to reduce the tension between our countries".

"We hope greater contact and more frequent visits may enable us to speed up the reduction of tension", she said.

Pakistan is a country that believes in peace, she said. "We are very happy to explore various means by which to reduce tension in our region. We are prepared to examine the possibility of a zone free of nuclear weapons for our region. We are prepared to talk at any level where there is a possibility to talk, but we feel it has to be a mutual approach, and cannot be a unilateral approach", said the prime minister.

On [the] Afghanistan issue, she said that Pakistan would like to see the development of peace and stability in Afghanistan as soon as possible.

"This is up to the Afghan people. They have fought many years for their rights, and they can not be dictated by anybody else," she said.

When asked whether there is any possible civil war in Afghanistan, she said: "The situation is fluid and vague. This possibility cannot be ruled out. But at the same time it seems that slowly but surely the Afghan situation is headed for an interim shura government".

Talking about the role Pakistan can play in Afghanistan after Soviet troops pull out, she said that "the only role Pakistan can play is a role of encouraging, in whatever limited fashion it can, the emergence of a political settlement to that problem".

When asked whether Pakistan is applying for a return to the British Commonwealth of Nations, she said that "we left the Commonwealth to protest its recognition of Bangladesh. But since that time we ourselves have recognized Bangladesh, so why deny our overseas communities living in Commonwealth nations the facilities that would be available for them if Pakistan was a Commonwealth member.

"In addition to that, the Commonwealth itself provides us an international podium for exchanging views. That is why we are examining the question of re-entry," she said.

Pakistani Spokesman on Visit

BK1302152489 Islamabad Domestic Service in Urdu
1500 GMT 13 Feb 89

[Text] Prime Minister Ms Benazir Bhutto left Shanghai for home this evening at the end of her 3-day official visit to China. The chairman of the Chinese Government reception committee, Wu Wenying, and Shanghai Mayor Zhu Rongji saw her off at the airport.

A Pakistani Government spokesman told newsmen at the end of the prime minister's 3-day visit that the Chinese president has assured Ms Benazir Bhutto that China will continue the policy of supporting Pakistan's stability, security, and sovereignty.

The spokesman said Ms Benazir Bhutto invited Chinese Prime Minister Li Peng to visit Pakistan and he will visit it this year.

Bhutto Notes Visit 'Successful'

OW1402072289 Beijing XINHUA in English
0651 GMT 14 Feb 89

[Text] Islamabad, February 14 (XINHUA)—Pakistan Prime Minister Benazir Bhutto said her visit to China is successful and Pakistan and China have a close identity of views on issues such as Afghanistan, Kampuchea and South Asia.

Benazir Bhutto made the statement when speaking to reporters at a press conference at the Islamabad Airport late last night upon her return from China after a three-day visit, the first official visit abroad since she assumed the office of prime minister last December.

B. Bhutto noted that the Pakistan delegation went to China with an aim to strengthening Pakistan's historical friendship with China. "Our mission has been successful", she said.

Referring to her meetings with Chinese top leaders, the highlight of which was calling on Deng Xiaoping, chairman of the Chinese Central Military Commission, B. Bhutto said, "We were impressed with their wide knowledge, experience and perception about the international situation and developments in China."

The prime minister said that during her stay in China, she had more than three hours of talks with her counterpart Li Peng. They reviewed the general international situation, focusing their attention "on those areas which are of more direct concern to us, such as Afghanistan, Kampuchea and South Asia."

"There is a close identity of views on these and on other questions," B. Bhutto said.

The two sides have also talked about bilateral issues, the prime minister added, saying that on behalf of the Pakistan people, she had expressed gratitude to China for the many Chinese aided projects in Pakistan.

B. Bhutto said the Pakistan side has shown an interest in cooperation between the two countries in the fields of mineral exploration and in installation of thermal power stations run on coal.

She had suggested to Chinese Premier Li Peng that the volume of two-way trade between the two countries could be increased and it could also be attempted to achieve a better balance of payment, B. Bhutto said.

Iranian Embassy Marks Revolution Anniversary
OW1102123389 Beijing XINHUA in English
0737 GMT 11 Feb 89

[Text] Beijing, February 11 (XINHUA)—Iranian ambassador to China A. Borujerdi held a reception here today at the Iranian Embassy to celebrate the 10th anniversary of the victory of the Islamic revolution of Iran.

Chinese Vice-Premier Tian Jiyun, Minister of Light Industry Zeng Xianlin were among the guests at the reception.

'Background Briefing' Profiles Afghanistan
OW1302013989 Beijing XINHUA in English
0043 GMT 13 Feb 89

["Background Briefing on Afghanistan"—XINHUA headline]

[Text] Beijing, February 13 (XINHUA)—Afghanistan is an inland country bordered by the Soviet Union in the north and northeast, Pakistan in the south and southeast, and Iran in the west. It also shares in its northeastern Wakhan region a boundary of approximately fifty kilometers with China.

Most of Afghanistan's 18 million people are Moslems. Kabul, with a population of 1.18 million, is the capital.

The Kingdom of Afghanistan was established in 1748. Beginning in 1838, the country was invaded three times by British imperialists. The Afghan people fought hard and gained independence in 1919. In July, 1971, when King Mohammad Zahir Shah was overthrown, the Republic of Afghanistan was founded. In 1978, military officers loyal to the People's Democratic Party took control, and the country was renamed the Democratic Republic of Afghanistan. On December 27, 1979, Soviet troops marched into Afghanistan and installed Babrak Karmal, leader of the People's Democratic Party. In 1986, Karmal was succeeded by Lt. General Najibullah, the head of the country's secret police.

The Soviet aggression has encountered fierce resistance from Afghans, which has grown to a force of 200,000 men. Most influential within the resistance are the Seven-Party Alliance, or Islamic Unity of Mujaheddin, headquartered in Peshawar, Pakistan, and the Eight-Party Alliance, or Islamic Revolution Unity, with its headquarters in Iran.

By the end of 1988 five of the country's 29 provinces had been liberated by the resistance, and approximately 80 towns captured. The capital of Kabul has become an isolated city since the guerrillas control all its principal supply routes.

West Europe

British Chief of Naval Staff Arrives in Beijing
OW1302141289 Beijing XINHUA in English
1307 GMT 13 Feb 89

[Text] Beijing, February 13 (XINHUA)—Admiral Sir William Staveley, British chief of naval staff and first sea lord, and Lady Staveley flew into Beijing this afternoon to begin their 10-day goodwill visit to China.

Admiral Staveley's China trip is aimed at promoting contacts and strengthening friendship between the navies of the two countries.

In the evening, Vice Admiral Zhang Lianzhong, commander of the Navy of the Chinese People's Liberation Army (PLA), gave a dinner in honor of Sir and Lady Staveleys and their entourage at the Great Hall of the People.

A welcome ceremony is scheduled for tomorrow morning at the courtyard of PLA Naval Headquarters. The ceremony will be followed by talks between Vice Admiral Zhang and Admiral Sir Staveley.

Article Reports Details of 'Gang of Four' Arrest
HK1402063089 Guangzhou YANGCHENG WANBAO
in Chinese 10 Feb 89 p 6

[Article by Fan Shuo (5400 4311): "The Tempestuous October—A Chronicle of the Complete Collapse of the 'Gang of Four'"]

[Text] Preparations for Conquering the Evils

On 8 January 1976, Premier Zhou Enlai departed from the world forever. In the period of the Qingming Festival that year, over 1 million people from all parts of the country gathered on Tiananmen Square to mourn for the late premier and pay their respects to the revolutionary martyrs for several days running. At the same time, they also expressed their deep hatred against the "gang of four" who brought calamity to the country and the people.

The proletarian revolutionaries of the older generation shared identical feelings with hundreds of millions of the people. Ye Jianying paid close attention to the mourning activities on Tiananmen Square, and sent people to the square to see the development of the situation and to copy the poems every day. He deeply appreciated these activities, and went to the square by car to see personally how the masses were copying poems there and how the state of affairs developed. The solemn atmosphere and moving scenes on Tiananmen Square deeply affected this veteran revolutionary, and he firmly believed that the party, the Army, and all the people were looking forward to a bright future, and all actions that went against the wishes would certainly fail. When the people in Beijing were carrying out the mourning activities, mammoth mass demonstrations to mourn the death of Zhou Enlai and oppose the "gang of four" also occurred in Nanjing, Hangzhou, Zhengzhou, and Taiyuan. The nationwide mass movement reflected the strong voice of the people who supported the correct party leadership represented by Deng Xiaoping, and laid a firm popular foundation and gave strong support for Ye Jianying and other proletarian revolutionaries of the older generation to eliminate the evils in light of the wishes of the people.

At that time, the "gang of four" was overbearing and arrogant, but Ye Jianying and many other old comrades had long banished their personal honor and safety from their minds, and they were deeply worried about the future and destiny of the party and the state. The only way to remove the peril was to get rid of the scourge of the nation. So they began to consider the strategy and plan the action to rescue the nation by conquering the evils.

The situation was extremely dangerous. The health of Mao Zedong continued to deteriorate, and the venomous "gang of four," especially Jiang Qing who liked to compare herself to Empress Lu and Empress Wuzetian in ancient China, continued to torture and persecute Mao Zedong mentally and physically. As a result, Mao's illness became more and more serious and he was on the brink of death.

After the "September 13 Incident," Wang Zhen was asked by Deng Xiaoping and Chen Yun to visit various old comrades frequently so that they could exchange information and discuss political affairs. When Mao Zedong was seriously ill, Wang Zhen secretly called on Ye Jianying many times. Once, they discussed the behavior of Wang Hongwen, Zhang Chunqiao, Jiang Qing, and Yao Wenyuan, and Wang Zhen asked Ye Jianying: "Why can they now be so arrogant and despotic? Can this problem be solved if they are simply picked up?" Ye Jianying did not answer but just gestured ambiguously, stopping Wang's remarks. Marshal Ye stretched his right hand with a fist, first thumbing up and shaking the thumb twice, then turning the thumb down. After a short moment of thinking, Wang Zhen understood what the marshal meant: No reckless action could be taken at that moment as Mao Zedong was still alive; they had to wait until Mao died. In the talks with Wang Zhen, Ye Jianying also asked him who were informed and reliable people in Beijing. Wang Zhen told him that Wang Dongxing, the then director of the general office of the party Central Committee and leader of the Central Guards Regiment, was his former subordinate when Wang Zhen was commander of the Yanan garrison troops. So Ye Jianying asked Wang Zhen to keep in close contact with this "old subordinate" so that they could pass a message to Wang Dongxing at any time. Ye also asked Wang Zhen to make more frequent visits to other old comrades in order to listen to their opinions. Wang Zhen said: "I will always listen to you, marshal. I am willing to be your liaison staff officer."

During this period, Nie Rongzhen also moved from downtown to Xishan and lived next to the house of Ye Jianying. The two marshals thus often discussed state affairs and the "Shanghai gang" problem in private with deep apprehensions. Through repeated secret discussions, they reached this conclusion: "Action must be taken against these few people who have stirred up great trouble in our country, but it is not easy to handle that woman (referring to Jiang Qing) because of her special background. Anyhow, this problem must be solved, and it seems that the solution can only be an extraordinary one beyond the normal procedures."

Ye Jianying then maintained a cool and sober mind to observe the activities of Jiang Qing and her gang. He not only talked with Nie Rongzhen, but also took the initiative in contacting other comrades and exchanged opinions on the situation with them. He carefully read documents, newspapers, and magazines every day, and asked his secretaries to pay attention to studying the development of events both at home and abroad. He said: "We cannot only see a single tree and fail to see the whole forest, nor can we do vice versa." He asked all comrades in his office to gather information about all major events occurring every day in the country, and pay special attention to the activities of Wang Hongwen, Zhang Chunqiao, Jiang Qing, and Yao Wenyuan. No matter how busy he was, he certainly listened to reports twice a day, and always kept abreast of the latest developments.

In July, NPC Standing Committee Chairman Zhu De suddenly died of illness. While the nation deeply mourned the death of this great revolutionary, a serious earthquake, rarely seen in history, occurred in Tangshan. Amid all these natural and human disasters and misfortunes, Mao Zedong was also seriously ill and at his last gasp. All members of the Political Bureau were called to see Mao on his deathbed, and they lined up to see their leader. Ye Jianying came and gazed with deep feeling at the leader who he had followed for so many years. Mao's big and tall body had become very emaciated, and his face pale. This scene brought acute sorrow to the heart of Ye, and he found no words to express his feelings. Mao Zedong opened his eyes slightly and saw Ye Jianying standing in front of him. Mao's eyes suddenly became bright and he tried to move his arm to greet Ye. However, Ye did not perceive this as his eyes were blurred with tears of sorrow. When he walked out of the ward, Mao Zedong suddenly came to and made a gesture to call Ye Jianying back. A nurse saw this, and immediately ran to the lounge and told Ye: "The chairman is calling you, marshal." Ye Jianying returned to the ward immediately and saw that Mao Zedong's eyes were open and his mouth moved slightly as he tried to speak, but couldn't say anything. Ye Jianying held his hand, anxious and sad, and stood there for a long time, gazing at the dying chairman. Then, he could only walk out of the ward with heavy steps. He pondered for a long time: What was the chairman thinking about before his heart stopped beating? Why did he particularly call me back? What did he want to tell me...?

On 9 September 1976, Mao Zedong passed away. When the people throughout the country were mourning with deep grief the death of the leader, the "gang of four" launched more savage attacks on the party and stepped up their effort to usurp party leadership and state power. They thought that they had a good opportunity and could seize power easily. Wang Hongwen ordered his secretaries to install 17 telephones in Ziguanqie and issued a circular in the name of the party central leadership to all provinces, autonomous regions, and municipalities, requiring them to report all major issues directly to them in an attempt to directly control the situation of the whole country by casting aside the central party leadership. Jiang Qing also ordered Qinghua University, Beijing University, the XINHUA NEWS AGENCY, and RENMIN RIBAO to deliver reports directly to her. She also set up a liaison station in Beijing University, and examined all letters to the central party leadership. This "queen" who wore a black mourning armband had no interest in arranging the funeral for Mao Zedong. At a meeting of the political bureau, she clamored: "We must expel Deng Xiaoping from the party!" She went to see Mao Zedong's confidential secretary every day, trying to see Mao's documents and archives. The secretary could not reject her requests and "lent" her two confidential files which were then altered by her completely.

Why was she so interested in these documents? Ye Jianying perceived their plots and pointed out that these people had two intentions when they tried hard to seize the

documents. First, they were afraid that something in these documents might be related to their historical problems and might thus deal them a fatal blow, such as the report about Jiang Qing's promotion that Lin Biao tried to bring when planning his desertion. Second, they tried to gather materials for attacking and persecuting their political rivals. Obviously, once the "gang of four" obtained the documents and archives from Mao's office, then they would be able to destroy the proof of their guilt and falsify Mao's "supreme instructions" as they liked. So Ye Jianying sent his assistant to remind Wang Dongxing about this and asked him to pay attention to the security measures. Ye also personally telephoned Wang Dongxing, seriously telling him that since you were responsible for the chairman's security before he died, you must now also take good care of his documents and archives. Those that cannot be sorted out and screened at this moment should be sealed up and must not be lost. These documents are all top secrets of the party and the state.

Shouldering the Important Mission

Viewing the unscrupulous and perverse behavior of the "gang of four," the party, the Army, and all people throughout the country sobered after experiencing the great sorrow. They more clearly realized that the 10-year disastrous "Cultural Revolution" must be terminated and the "gang of four" which brought calamity to the country and the people must be overthrown. The people all looked forward to an orderly and stable political situation. The healthy force which dared to struggle against the evils and adhered to the truth was gathering and growing. The people all pinned their hopes on Beijing and the party central leadership. They hoped that some leaders in Beijing would come out to lead the hundreds of millions of people to clean up the filth and mire and reverse the course of events in our country.

At that moment, for various historical reasons, Hua Guofeng, the then first vice chairman of the CPC Central Committee and premier of the State Council, failed to effectively stop the savage activities of the "gang of four." Such revolutionaries of the older generation as Deng Xiaoping and Chen Yun were still subject to continuous attacks, persecutions, and strict supervision, and could not freely act. So people's hopes were laid on Ye Jianying. Although this veteran revolutionary had been excluded from the leadership core, he still held the offices of CPC Central Committee vice chairman and Central Military Commission vice chairman and still enjoyed high prestige at home and abroad. Therefore, the great struggle to smash the "gang of four" pushed Ye Jianying to the center of China's political arena in the mid-seventies. This veteran revolutionary was aware that he was to shoulder an important historical mission, and he bravely accepted this mission.

In the whirlpool of the struggle, Ye Jianying stood high and showed great foresight. He correctly appraised the national situation and the people's wishes and also bore in mind Mao Zedong's injunction. Mao Zedong was still

a great Marxist. Although he incorrectly launched and led the "Cultural Revolution" in his later years, he still perceived the conspiratorial activities of Jiang Qing and her gang in usurping the party and state leadership. At a meeting of the Political Bureau, Mao denounced them as a "gang of four" and seriously criticized them, saying that their problem must be "solved." At the same time, he made organizational arrangements to prevent them from obtaining the leading positions of the party and the state. Ye Jianying thought that Mao did take two measures against the "gang of four." Mao also told some old comrades of the historical story of Zhou Bo and Chen Ping who helped smash the conspiracy of Queen Lu to usurp state power and helped consolidate the Han Dynasty. Ye Jianying was deeply impressed with what Mao did in his last years. He also recalled that Mao tried to tell him something on his deathbed and failed to utter anything. Thus, Ye clearly realized that one of Mao's unfulfilled wishes was to solve the "gang of four" issue. In 1974, Mao Zedong said that the "gang of four" issue would be solved in "half a year," "1 year," "2 years," or even "3 years," but he did not really solve this issue when he was alive. Now, this issue needed to be solved without delay.

When Ye Jianying was sharply watching the activities of the "gang of four" and beating his brains to plan the action to get rid of these scum, other revolutionaries of the older generation were also considering the same question which was related to the future and destiny of the party and the state. Although they were separated from each other and lived in different localities, being supervised by the "gang of four" or being put under house arrest, they still shared the same ideas and feelings. They were united and firm, and continued their secret discussions on the measures to turn the historical tide and prevent the wheels of history from backtracking, prevent the Chinese people from falling into the abyss of pain and suffering. Some of these old revolutionaries came into contact with each other during the period of mourning over Mao Zedong. Deng Xiaoping, Chen Yun, Nie Rongzhen, Li Xiannian, and Deng Yingchao all exchanged opinions on this issue through their aides, or directly talked with Ye Jianying.

Through separate and private talks with many leading comrades of the party and the Army, Ye Jianying gained a better knowledge of the wishes of the people and the balance of strength, and became more confident in defeating the "gang of four." However, this revolutionary, with rich experience in political struggles, was still considering this question: The action to smash the "gang of four" would not be the action of a small number of people; instead, it is a fierce struggle inside the top leading body of the party. That is, it is a struggle between most comrades in the Political Bureau and the "gang of four." He analyzed the existing conditions in the Political Bureau: The "gang of four" was still a minority in the Political Bureau. One of them was the party's vice chairman; one of them was a member of the Political Bureau's Standing Committee; one of them was an

ambitious conspirator who rode roughshod over others in the name of Mao Zedong; and one of them was a demagogue who controlled all mass media and means of propaganda. So, although the number of the gang members was not big, the gang was still rather powerful and influential. When Mao Zedong was seriously ill, Mao Yuanxin acted as a "liaison man" between Mao and other members of the Political Bureau. The contents of the Political Bureau meetings were conveyed to Mao Zedong, and Mao Zedong's instructions were conveyed to the Political Bureau by this "liaison man." The comrades in the Political Bureau then held a reserved and restrained attitude toward this abnormal condition as they had to give consideration to the overall interests and Mao Zedong's health. After Mao Zedong died, the situation changed, and there was no need to hold back from taking action against the "gang of four" for fear of affecting Mao Zedong's health. So long as the Political Bureau members were united and resolved, they would certainly be able to deal a devastating blow to the "gang of four." However, painstaking ideological and organizational preparations were still necessary.

First of all, the action must be supported by Hua Guofeng. Hua Guofeng was then holding the principal leading posts of the party and the state, and this was proposed by Mao Zedong and was unanimously approved by the Political Bureau. According to the party's organizational principles, Ye Jianying showed great respect for this principal leader of the party Central Committee. On the same evening after Mao Zedong died, Jiang Qing loudly complained that "criticism of Deng Xiaoping" was not carried out effectively, disturbing the meeting which was to discuss the arrangement of Mao's funeral and exerting pressure on Hua Guofeng who presided over the meeting. At this moment, Ye Jianying said in a stern voice: "The most important thing at present is to closely unite around the party center!" His move to safeguard the party's unity deflated the arrogance of the "gang of four." Now, in order to solve the "gang of four" issue, it is more necessary to give consideration to the overall interests and to show respects for Hua Guofeng and win over his agreement. This was a major issue concerning the organizational principle and was also a necessary prerequisite for smashing the gang. Ye Jianying took the initiative in approaching Hua Guofeng and cared about him, trying to find out about his conditions and opinions. Ye personally went to Hua's house in Shijiahutong to exchange opinions with him. Ye Jianying analyzed the situation, weighed advantages and disadvantages, exposed the conspiratorial activities of the "gang of four" in usurping the party and state leadership, and hoped that Hua would not let down Mao Zedong and would bravely come out to shoulder the leading responsibility. After that, Ye talked with Hua many times and asked Hua to talk with more old comrades and listen to their opinions. Hua Guofeng was not so confident because of his low seniority and prestige in the party, but Ye Jianying said firmly: "You don't need to be worried about this. I will support you, and other old comrades

will support you!" He also told Hua that he would make arrangements for Hua if the latter wanted to meet with anyone. Hua Guofeng indicated that so long as the old comrades and the Army supported him, it would be easier to cope with the problems. Then Hua Guofeng did take the initiative in talking with some old comrades and exchanging opinions with them, and this strengthened his determination and confidence in the struggle.

Ye Jianying also personally went to Zhongnanhai several times to talk with Wang Dongxing in order to solicit Wang's support. Ye also held private talks separately with some Political Bureau members and some old comrades in his secret house in Xishan. Each time they talked, Ye certainly turned on the faucet or switched on the radio in order to prevent any possible bugging. Once, Li Desheng went to see Ye Jianying after attending a meeting in Beijing. Marshal Ye told him about the sinister activities of the Jiang Qing counterrevolutionary clique in persecuting Deng Xiaoping by making use of the powers that they had seized. After thinking for a while, Ye Jianying particularly switched on the radio set beside him and then asked Li: "Under the present stern situation in the country, do you think that it is more important to solve the organizational issue or to solve the problems in production?" In order to clearly hear what he said, Li Desheng switched off the radio, but Marshal Ye again switched on the radio and said in a low voice: "The struggle at present is very complicated, and it is better to switch on the radio." Then he answered his own question: "In my view, we should first solve the organizational issue." Li Desheng finally came to understand that by "organizational issue," Marshal Ye meant the problem in the party central leadership and hinted that the pressing task of the moment was to resolutely solve the "gang of four" issue.

Being Resourceful And Decisive

The "gang of four" had a premonition of being threatened by the force of the people, and thought that a new attack might be imminent. They seized every minute and second to make ideological and organizational preparations for the counterrevolutionary seizure of state power.

On 29 September, the "gang of four" created a tremendous uproar in the Political Bureau. At the very start of the meeting, Jiang Qing asked: "Chairman Mao has passed away. What should the leadership of the party Central Committee do?" Wang Hongwen and Zhang Chunqiao echoed each other and wanted the central leadership to make work arrangements for Jiang Qing. Actually, they wanted her to become chairman of the party Central Committee. They deliberately complicated the issue by raising the question of whether Mao Yuanxin should return to Liaoning. Guided by their premeditated plan, Mao Yuanxin wrote a letter to the party Central Committee on this matter. The letter was read at the meeting. Ye Jianying, Li Xiannian, and others maintained that since Mao Yuanxin had nothing to do in Beijing, he should return to Liaoning. Hearing this, Jiang

Qing flew into a rage. Zhang Chunqiao said immediately that Mao Yuanxin should stay in Beijing to handle Mao Zedong's documents and files. He also wanted him to "make preparations for the political report to be delivered at the third plenary session." Actually, they intended to convene the third plenary session to openly seize party power. All these unreasonable demands were rejected by the majority of the Political Bureau members. Jiang Qing made a great hue and cry, and wanted those "who have nothing to do to leave the meeting." Hua Guofeng came under attack from all sides, and the meeting was at sixes and sevens. After the meeting, Jiang Qing forced Wang Dongxing to hand over to her Mao Zedong's documents. Wang Dongxing asked Ye Jianying what to do. Marshal Ye answered: You must resolutely reject her demand.

The situation was getting increasingly tense. The struggle between the "gang of four" and the healthy force inside the party, which had been escalating, entered a final stage. Both sides were stepping up their efforts to make preparations and to race with time. Just as Ye Jianying had analyzed, "After the death of Chairman Mao, the entire party, the whole Army and people throughout the country and the whole world feel very sad. When we are deeply grieved, the 'gang of four' might think that it is time for them to usurp party power. They will be frenziedly engaged in the criminal activities of usurping the highest leadership of the party and state. Therefore, the struggle between the Political Bureau and the 'gang of four' will become white hot. At this critical juncture, any hesitation or indecision means self-destruction." During this period, apart from constantly talking with and contacting Hua Guofeng, Ye Jianying continued to keep in touch with veteran comrades to make preparations for getting rid of the hidden danger to the party. Some party, government, and Army responsible persons, who were in Beijing and other localities, continued to report the situation to Ye Jianying. They wished that the central authorities would make a decisive policy decision to take action. Right from the start of the Mao Zedong's funeral, some other comrades also stealthily reflected the situation, or made proposals to Hua Guofeng, Wang Dongxing, and others. One thing that was worth mentioning was that Nie Rongzhen, who had returned to Beijing from Xishan, sent Yang Chengwu to contact Marshal Ye on 21 September. He said again and again: "The 'gang of four' is a group of counter-revolutionaries who can do all kinds of bad things. We should guard against them, and prevent them from striking the first blow. If they succeed in killing Xiaoping secretly, or putting Marshal Ye under house arrest, that will be troublesome. Relying on the special status of Jiang Qing, the 'gang of four' very often acts shamelessly at the meetings, and persists in being unreasonable. It will be of no use to follow normal procedure for inner-party struggle to solve their problem. We can avoid a mishap only by striking the first blow and making a resolute decision." Ye Jianying was happy to hear this. He asked Yang Chengwu to tell Marshal Nie: "Ask Commander Nie to set his mind at rest. I think the same as he does. I am always ready to report the situation and discuss matters with him." He also

said humorously: "A wily hare has three burrows. I must move to some other place immediately. Tell Commander Nie that he must also pay attention to his safety."

The "gang of four" was aware of what Ye Jianying was doing. They sent Wang Hongwen to Xishan to live in a place that was near to Marshal Ye's residence in order to strictly keep watch on him. Marshal Ye knew the intention of this hunting dog, but he remained calm. He pretended to be leisurely and carefree. It seemed as if he was "visiting scenic spots to enjoy the beauties of nature." He walked together with comrades working beside him. When he arrived at a wayside pavilion on the mountain, he asked them whether they knew the name of hillside. As nobody knew its name, he said: Let's call it "Brave Man Hillside!" The pavilion that they frequented was called "Wind and Rain Pavilion." The implied meaning of these names was obvious: in the struggle against the "gang of four," everyone must become a "hero or a brave man," and must stand the test of wind and rain. People in the same boat must help each other. Later, they changed the name "Wind and Rain Pavilion" into "Fang He Pavilion (pavilion of a flying crane)." In the pavilion, he recited a poem in a low voice: "The crane has flown away, and left the western hill. Flying high, it looks down at the hillside to look for a suitable place to alight.... The crane has returned to the eastern hill. It sees some people on the hillside.... Let it return because it can no longer stay on the western hill." Several days later, he calmly and unhurriedly moved to the Yuquan Shan to live in the No 9 building which was commodious and quiet. After discovering this, Wang Hongwen asked Wang Dongxing: "Why did you let Ye Jianying move to the building?" Wang Dongxing told him: Premier Zhou once lived in the No 9 building. During his lifetime, he said that Comrade Jianying could live in the building. Wang Hongwen failed to follow the tracks of Ye, but could do nothing about it.

After moving to the No 9 building, Ye Jianying kept calm as usual. "I am carefree and content." He made a trip to the mountains, or went fishing. He also wrote or recited poems. He tried to cover his tracks, and frequently traveled between Xishan, No 2 building, and Yuquan Shan. Making use of various kinds of conditions and chances, he secretly discussed matters with some veteran comrades. He also secretly met with Comrade Su Yu, Song Shilun, and others to keep abreast with the development of the situation. He discussed secret matters with them, and urged them to take precautionary measures, and to keep a close watch over the movements of the troops and various quarters with an aim of preventing incidents.

Li Xiannian was concerned about the safety of the state day and night. On 24 September, while supposedly visiting the Xiangshan botanical garden, he went straight to Xiangshan by car. To avoid suspicion, he went to Yuquan Shan to meet Ye Jianying by a roundabout route. After hearing a report from his security guard on his arrival, Ye Jianying said that he never imagined that

that he could meet Li in the place. He went to the corridor to greet Li, and said humorously: "Ah! What wind has blown you here?" Li Xiannian also answered humorously: "Oh! I wouldn't come to you if I hadn't something to ask of you." After that, they entered the room and sat down. Ye Jianying turned on the radio. Under the cover of the sound produced by the radio, they began their secret talks. Li Xiannian expressed his views on the situation. He said that the situation was getting increasingly tense, and that prompt action must be taken. Ye Jianying stressed: The struggle between them and us is a life-and-death struggle, and a prompt decision must be made! A well-conceived plan is needed in order to completely solve their problem. After a brief talk, the two veteran revolutionaries reached a consensus on the way to solve the problem of the "gang of four." This played an important role in making and implementing the policy decision for smashing the "gang of four."

The Complete Collapse of the Evildoers

October was a tempestuous month. The struggle between the Political Bureau and the "Gang of Four" became white hot. Hua Guofeng, who was being forced to "abdicate" day after day, was in an increasingly difficult position. Ye Jianying noticed this, and the contacts between them became frequent. He visited Hua Guofeng, and invited Hua to come to the Yuquan Shan to further secretly discuss the strategic policy decision on smashing the "gang of four." Some people proposed convening an enlarged meeting of the party Central Committee to solve the problem of the "gang of four." After analyzing the situation, nature and characteristics of the struggle against the "gang of four," Ye Jianying believed that the "gang of four" in the Political Bureau consisting of Jiang Qing, Zhang Chunqiao, Yao Wenyuan, and Wang Hongwen was a counterrevolutionary conspiratorial clique. They were never satisfied with participating in leadership work only. They wanted to usurp the highest leadership power. They did all kinds of evil, and lost all popular sympathy. They were absolutely isolated and weak. This was determined by their class origin and reactionary nature. Our struggle with the "gang of four" was a irreconcilable and life-and-death struggle, which had exceeded the scope of ideological struggle inside the party. It won't work to follow a normal way of ideological struggle inside the party to solve their problem. In the meantime, we should do our utmost to properly solve the problem in order to avoid disturbances. Ye Jianying stressed: We should set a good example for our descendants. We should unify our thinking through legal struggle and consultations. According to the views aired by members of the Political Bureau and some veteran comrades, the following firm decision was made: After making full preparations, a meeting would be held at an appropriate time to announce the investigation of the case of the "gang of four." During the period of investigation, they were not allowed to have access to the outside world. After that, a meeting of the Political Bureau would be immediately held to report the situation to the plenary session. To

make specific arrangements for this action, Ye Jianying again invited Wang Dongxing to the Yuquan Shan to further discuss the plan of action, and specific measures to be taken. Ye Jianying pointed out: "This is a dangerous move, but we cannot avoid it. We should handle affairs in a resolute and careful way. We should ensure that there is no danger of anything going wrong."

"When the map was unrolled, the dagger was revealed." The "gang of four" was engaged in sabre rattling, and had finished the preparations for seizing state power through violence. The program "how to consolidate state power" concocted by Zhang Chunqiao, which was a program for "killing people," was to be implemented. There was another sign which showed that engineered by the "gang of four," two division chiefs of staff of a certain armored unit stationed in the suburb of Beijing would be transferred to Beijing so that they could be ready at all times to command tank forces to march to Beijing city from the southeast and northwest in order to launch a pincer attack. The "gang of four" and their remaining confederates in Shanghai maintained their contacts of the "first-grade war preparedness." Since January, those remaining confederates had contacted Wang Hongwen through the "hotline" (telephone) more than 102 times. They intended to "get a firm foothold in Shanghai, throw the entire country into chaos, and seize state power amid the chaotic situation." On the eve of the National Day, the "gang of four" worked out a long namelist. They wanted Ye Jianying and other veteran comrades to meet with the "workers." In so doing, they intended to force those veteran comrades to "criticize Deng." Ye Jianying saw through their plot. He called them and asked: "What does this mean? I am in poor health, and you all know this. I don't want to go anywhere!" He flatly refused to take part in the activities. On 1 October, Jiang Qing delivered a speech in Qinghua University, and continued to slander Comrade Deng Xiaoping. She wanted young people to make a vow to carry out the struggle to greet the "grand festival." On 3 October, Wang Hongwen went to Pinggu county, and asked people there: "If revisionists occur in the central authorities, what will you do? Overthrow them!" Jiang Qing went about drumming up support for her views. She went to Jingshan Park and stood under apple trees. She stroked her hair in coquetry, pretending to pick apples to have more than 10 half-length photos taken. Wang Hongwen also asked photographers from XINHUA NEWS AGENCY to have his standard photo taken. The "gang of four" made a special arrangement to take their "historical" color photo. Their "fighters" came one after another to "persuade them to ascend to the throne," or to "give their allegiance to them." On 4 October, an article entitled "We Must Go About Things in Accordance With the Established Principle of Chairman Mao Forever" by Liang Xiao was published on the front page of GUANGMING RIBAO. This showed that they intended to usurp the highest leadership. In the meantime, they also announced that there would be "extraordinarily happy news" on 7, 8, and 9 October. In Shanghai, some people vied with one another to buy

firecrackers and red paper from shops to "make preparations for the celebration." Various signs showed that the "gang of four" would take action soon, and that a counterrevolution coup was imminent. At this critical moment, Ye Jianying got reliable information on the coup. As a strategist, he concluded that this was "an indication that the 'gang of four' is going to usurp the party and seize state power." Therefore, he held an urgent meeting with Hua Guofeng and Wang Dongxing to make the following resolute decision: Gaining the initiative by striking first, and taking "rapid action to defeat the enemy who is still slow in their action." According to the former operational plan, action would be taken 10 days after National Day. But because of the situation, the time for action must be moved up.

Smashing the "gang of four" was a special kind of struggle conducted under very special circumstances. To ensure the success of the struggle, before action was taken, decisionmakers such as Ye Jianying and others considered various kinds of complicated situations that might occur. They discussed the matters repeatedly to make well-conceived arrangements. They discussed in detail matters such as the selection of security guards, the method for "closed-door investigation of the case," the place for the action to be taken, and so on. They went into all particulars. Finally, it was decided that Wang Dongxing would be specifically responsible for the implementation of the plan. To prevent the "gang of four" from making trouble, security work should be strengthened. Several special operational groups were established, which consisted of comrades who were loyal to the revolutionary cause from the central security organs and PLA units. Efforts were made to carry out meticulous ideological and organizational work. In the meantime, Ye Jianying also contacted a leading comrade in the headquarters of the Military Commission to safeguard the headquarters, and to strengthen the war preparedness of the Army, Air Force, and Navy as well as the border and coastal guards.

All preparations were completed. On the afternoon of 5 October, it was decided that action would be taken in accordance with the proposed plan. At 2000 of 6 October, a meeting of the Political Bureau Standing Committee was held in Huairan Hall of the Zhongnanhai. A notice was distributed in advance on the agenda of the meeting. The meeting would examine and approve the final proof of Volume 5 of "Selected Works of Mao Zedong," study the plan for the project of Mao Zedong's Memorial Hall, the arrangements for the former residence of Mao Zedong in Zhongnanhai, and so on. According to regulations, only Hua Guofeng, Ye Jianying, Wang Hongwen, and Zhang Chunqiao could attend the meeting. To let Yao Wenyuan attend the meeting, he was invited to participate on the ground of revising the documents and polishing the wording.

That was a starry night, and the autumn wind was crisp. Ye Jianying had a habit of never being late for a meeting. He set out for the conference place early and unhurriedly. Before leaving, he told his secretary that he might

not come back that night. Accompanied by a security staff officer, he left the Yuquan Shan quietly by car to set out for the Huaiyuan Hall in Zhongnanhai. The lamplights of the Huaiyuan Hall glimmered as usual, and the atmosphere was solemn and tranquil. Only a handful of working personnel, who were entrusted with special tasks, were engaged in security work. Ye Jianying was at the main room of the Huaiyuan Hall. He straightened his clothes to sit properly, had a well-thought-of plan, and showed composure and presence of mind. Hua Guofeng was also in the main room. He was anxiously waiting for the arrival of the other three participants of the meeting. Wang Dongxing stood behind a screen in the main room, keeping close watch over the entrance of the room. He was responsible for the safety of the "meeting." The clock pointed to 2000. Zhang Chunqiao, Wang Hongwen, and Yao Wenyuan came one after another. After each of them entered the main room, Hua Guofeng, on behalf of the party Central Committee, solemnly announced in front of him his crime of opposing the party and state, and read a decision which was prepared in advance on "examining and investigating his case, and on prohibiting him from having access to the outside world." The announcement read: The central authorities maintain that you have committed unforgivable crimes, and have made a decision on investigating your case. You are prohibited from having access to the outside world during the investigation. After the announcement, action was taken. They were escorted by working personnel to a place where they would be tried. After hearing the "decision," Zhang Chunqiao was scared out of his wits, and collapsed like a pile of earth without any resistance. Wang Hongwen tried to put up a struggle, and to throw himself on Ye and Hua. But he was immediately pushed to the ground by security guards. Yao Wenyuan lived in Diaoyutai which was governed by the Beijing garrison command. According to the original plan, he would be induced to go to Zhongnanhai. If he failed to turn up, he would be arrested in Diaoyutai. Since he finally came to the Zhongnanhai, he was arrested along with Wang and Zhang. It was also announced that his case would be investigated and that he was prohibited from having access with the outside world. In the meantime, other operational groups took the same action to arrest Jiang Qing and Mao Yuanxin who were living in Zhongnanhai. The garrison command arrested Chi Qun, Xie Jingyi, and so on. The "gang of four," which was once frantic, plotted to usurp the country, and had committed countless crimes, finally came to the disgraceful end they deserved. To place public opinion under control, Geng Biao acted under orders to take over propaganda organs such as newspapers, radio broadcasting station, and so on. The action lasted less than an hour. Without firing a bullet, and shedding a drop of blood, the antiparty clique of the "gang of four" was smashed organizationally, and the catastrophe of the "Great Cultural Revolution," which lasted 10 years, was brought to an end. This was a victory marking the fact that ignorance and stubbornness were defeated by wisdom and that evils were conquered by justice. In the struggle, Ye Jianying and other comrades

of the Political Bureau pooled the wisdom of the people. At the critical moment, they once again made great contributions to the party and the people. One year later, the 3d Plenary Session of the 11th CPC Central Committee adopted a resolution on the case of the antiparty clique of Wang Hongwen, Zhang Chunqiao, Jiang Qing, and Yao Wenyuan. It was announced that they would be expelled from the party forever. Three years later, the Supreme People's Procuratorate brought a suit against the Jiang Qing counterrevolutionary clique. The Supreme People's Court specially tried the case, and a court decision was made in accordance with PRC Criminal Law.

After the arrest of the "gang of four," Ye Jianying returned to the Yuquan Shan the very same night. He happily told his secretary: "The Shanghai gang intended to carry out a coup, but we have foiled their scheme." After that, he notified the operational department and intelligence department to pay attention to the trends and reaction of the world to the incident. He urged them to strengthen war preparedness. Later, he attended a meeting of the Political Bureau.

The conference room of the No 9 building on the Yuquan Shan was brightly lit. The all-night meeting of the Political Bureau started from 2200 and ended at 0500. Those participating comrades were greatly encouraged when they listened to the reports by Hua Guofeng and Ye Jianying. They fully favored the brave action taken against the counterrevolutionary clique of the "gang of four." The decision of the Political Bureau was conveyed through telephone to members of the Political Bureau who were not in Beijing at that time such as Wei Guoqing, Xu Shiyu, Li Desheng, Seypidin, and others. They all supported the decision. When the meeting ended, relevant comrades went to different departments to pass on the news. At that time, the first thing which Ye Jianying wanted to do was to reveal the happy news of the smashing of the "gang of four" to Deng Xiaoping who was under house arrest, and other veteran comrades who were persecuted. Deng Xiaoping heartily rejoiced at the victory of the great struggle. The two old marshals, Nie Rongzhen and Xu Xiangqian, fully support the decisive measures taken against the "gang of four." Chen Yun said happily: Comrade Ye Jianying is a genuine Communist Party member, and has done a thing which a Communist Party member should do. Hu Yaobang and other veteran comrades said excitedly: Old Marshal Ye again performed immortal feats for the party and state at the critical juncture! However, Ye Jianying was very modest. He always attributed the victory of the struggle to the party and the people. He said: If our descendants ask the party about this part of history, the answer can be summed up in one sentence: "On perilous peaks dwells beauty in her infinite variety!"

LIAOWANG Interviews Ji Dengkui on Mao
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[Article by Wang Lingshu (3769 7227 2579): "Ji Dengkui on Mao Zedong"]

[Text] Editor's note: On the evening of 1 January 1988, author Wang Lingshu paid a visit to Ji Dengkui and had a long conversation with him. During the conversation,

Ji said: "As I am not yet old, I would like to write a book about my personal experiences for the later generations."

Unfortunately, Ji Dengkui suddenly died of a heart attack on 13 July (there were no previous occurrences of heart attacks in his medical record). He could not fulfill his promise of writing a book for the later generations.

Ji Dengkui was a member of the CPC Central Committee's Political Bureau. During the conversation, he recalled his contacts with Mao Zedong which have not been made public; sternly criticized his own mistakes; and disclosed the inside story of the "13 September" incident. Hence, the conversation can be regarded as a valuable historical material Ji left for later generations. LIAOWANG exclusively publishes the conversation for its readers. [end editor's note]

I Am a Tragic Character in Chinese History

I called on Ji Dengkui unexpectedly.

He still wore glasses, but had thinner and grayer hair and was dressed in a cotton-padded waistcoat and loose-fitting trousers. He welcomed me, a stranger, in the house and had someone bring me a dish of orange slices.

[Wang] "I just dropped by to say hello to you."

[Ji] "Thank you!"

[Wang] "You were our former political commissar."

[Ji] "You were in the Army. Was it the Beijing Military Region?"

I nodded and said: "Let bygones be bygones. Our party had made mistakes. What you did in the past should be examined and assessed under given times, conditions, and circumstances of history."

As soon as I finished talking, Ji Dengkui rose and, holding up his hands to the chest, walked toward me, saying: "Young man, I am very delighted that you called on me today. But I need no consolation. I could not forgive myself, not at all. Somebody said it was pardonable under that kind of historical circumstances. You may agree with this. However, I must ask myself a question: Why, under the same circumstances, didn't other people do the same as I did? How am I going to explain this question?"

I was momentarily speechless.

He continued: "At that time, there were two roads in front of me, one was to follow Mao Zedong and the other, not to listen to him. There were only these two roads, not a third one. I chose the first one because I had

much trust in him. Could it be wrong if I follow him? Such thought never occurred to me. In other words, I made a fetish of him. However, there were people who did otherwise."

"Who were they?" I asked.

"Chen Yun, Deng Xiaoping, and other older generation of revolutionaries."

"Didn't Deng Xiaoping listen to him?"

"Sometimes not. That is why he had ups and downs."

Ji Dengkui walked back to and sat down in his sofa. Then, he continued: "This is how I became a tragic character at the core of CPC leadership and in Chinese history. History is merciless and fair to every one."

"I admire very much your extraordinary bearing and open and aboveboard vision," I exclaimed. "Would you like to have all these recorded down for the future generations?"

"I will. I will tell them. Don't repeat what I did."

Present Occupation

I especially wanted to know what he was doing.

The large pile of paper on top of his desk explained that his main job was definitely not playing with grandchildren. "Old Master Ji (I feel this title most appropriate for him), what do you do now?"

"I am a researcher of the Party Rural Policy Research Center," he replied without hesitation.

"Is it Du Runsheng's office?"

"Yes, now I work under Du Runsheng," he said with a sense of humor.

"In recent years, I have been to all provinces, municipalities, and autonomous regions, except for Tibet, to conduct investigation and study in both prosperous and impoverished places, and have accomplished quite a lot."

As he said, he walked up to the desk and picked up a scientific research paper from a big envelop, showing it to me "This is from a scientist who asked my opinions." I read the whole page note added to the paper and signed "Old Ji." "This is part of my job," he added.

"In addition, I must read the reference material everyday, which Chairman Mao also did years ago. Through the reference material as a window, I keep myself informed of major international events. I also read RENMIN RIBAO, JINGJI RIBAO, BEIJING RIBAO, WEN HUI BAO, and other newspapers."

Then, he brought up international issues.

"Gorbachev is a reformist. He has re-evaluated historical figures in the Soviet Party and affirmed some aspects of Bukharin and Trotsky. He has also reversed the verdict on Khrushchev, calling him a reformer who enthused over construction. I think this is true."

He then discussed Afghanistan and Vietnam.

"It seems that the Soviet Union wants to resolve the Afghan question this time. The Vietnamese leaders have also started to criticize former Vietnamese Communist Party leader Le Duan for failing to pay due attention to the economy and stirring up tension with China, a friendly neighbor for many years...."

He was so knowledgeable, still having the whole world in view.

Mao Zedong And I

"Old Master Ji, why did Mao Zedong call you an 'Old Friend'?" I finally had a chance to ask this most interesting question.

"It's a long story," slowly he reminisced the course of his association with Mao Zedong.

"It was in the 1950's when I was in my thirties working as the secretary of the Xuchang Prefectural Party Committee in Henan. During an inspection tour of Henan, Chairman Mao Zedong met and talked to me. Since then, he called me up and talked to me in the special train every time he visited Henan.

"On the eve of a national propaganda work conference, Mao Zedong instructed me to speak at the meeting and the Central Propaganda Department to disseminate our experience: 'The Propaganda Work of Xuchang Prefecture.'

"Later, he instructed me to set up a plant, which he said was good for me. He sent me to prepare for the founding of the Luoyang Mining Machinery Plant, as well as to study in the Soviet Union. While I was setting up the plant, he visited Henan again and asked if I had any problems. I said I lacked general and technical knowledge and had no previous experience in industrial management. He asked me if I had read Lenin's well-known thesis on how the party should carry out socialist economic construction after the October Revolution. I said I did. He then asked me about a passage of his report to the Second Plenary Session of the Seventh CPC Central Committee. I repeated the passage about learning from the experts on the economic work. He nodded in delight and instructed me to study general knowledge for a concentrated period of time. He added that after returning to Beijing he would suggest that the Central Propaganda Department issue a circular urging all party cadres to make up their study of general knowledge.

"Shortly after Mao Zedong returned to Beijing, the circular was issued. I invited college graduates from the plant to teach me junior and senior middle school courses as well as machine drafting and technical knowledge on industrial management. During that period, I learned a lot which was very helpful for my future work. Unfortunately after the Great Leap Forward was launched, my study was interrupted. Otherwise, it would have been possible for me to study college calculus.

"Later, I was transferred to the Henan Provincial Party Committee. That was also arranged by him.

"After the 'Cultural Revolution' began, I was detained by the rebels and, without the freedom of movement, was often criticized and denounced at public meetings. On a trip in 1967 Chairman Mao Zedong dropped by Henan and told officials of the Provincial Military District that he wanted to see me. He asked: 'Where is my old friend?' They dared not tell him that I was under detention without personal freedom. A leader of the Provincial Military District rushed to see me, saying 'Chairman Mao wants to see you.' I hurriedly tidied up and was taken to see him the next day.

"He greeted me with 'Ji Dengkui, my old friend,' and asked me how many criticism meetings I had been to and what it was like to be put in a position of sitting in a jet plane. [A kind of physical punishment] I said that I had been criticized and denounced at hundreds of public meetings, and that to be put in the posture of sitting in a jet plane was nothing unusual, just like reaping wheat, and might be helpful for building up physical strength. My answer prompted a hearty laughter from Chairman Mao. He tried to strike a pose of sitting in a jet plane, bowing his head, bending down, and holding high his hands to the back. The whole room was rocked with laughter. After Chairman Mao left, I was freed and the story about 'Old Friend' gradually spread.

"During his subsequent inspection tours of various places, he would brief the local officials about how, in spite of suffering, I compared the posture of sitting in a jet plane to that of reaping wheat. He lauded me for being able to correctly handle the mass movement. His publicity put me in an awkward position. Veteran cadres who had already suffered during the 'Cultural Revolution' were rather resentful of emulating me. They suffered even more.

"Later on I was transferred to various posts in the Party Central Committee, including being elected as a Central Committee member at the Ninth CPC National Congress and as an alternate member of the Political Bureau at the First Plenary Session of the Ninth CPC Central Committee. These positions were all personally arranged by Mao Zedong. Therefore, whenever he made a mistake I followed him."

Mao Zedong in The "13 September" Incident

"Recently, I read a book 'An Unofficial Biography of Ye Qun,' published in Hong Kong, which gave a detailed account of the '13 September' incident. A good number of books on the incident have been published in China. The account given in the series of books 'Reflections on History' is basically truthful. I have read it," said Ji Dengkui.

"Is it true that Lin Biao's plane was not shot down?"

I asked the authority on this major question which remains a focus of heated public discussions at home and abroad.

"I know it was not shot down. After Lin Biao's plane left the territory, Premier Zhou Enlai asked Mao Zedong for instruction: What shall we do? Should we shoot it down? It's still within the shooting range. Mao Zedong said: No. Since it is unavoidable, let the nature take its course. If we shoot it down, how can we explain it to the people in the whole country? In this way, we saw the plane leave. At that time, Mao Zedong sat in a sofa, resting his head on the back," Ji Dengkui gesticulated as he recalled the incident.

"With his eyes closed, Chairman Mao said: Promptly inform me of whatever happens, meaning information released by the Soviet side. Ingenious as he was in handling such problems, he could make the most authoritative, effective, and appropriate response to them.

"Unexpectedly we received a report from our embassy in Mongolia, saying that Mongolia had lodged a strong protest to us against the violation of Mongolian airspace by a Chinese military plane, which had crashed in Ondorhaan.

"Immediately we notified our embassy in Mongolia not to make any denial but to visit the crash site. After visiting the scene, the embassy reported the plane's serial number and circumstances of the crash to the central authorities. Photos of the bodies were later sent back to China. Hence, it was determined that it was the No 256 trident carrying Lin Biao who was fleeing the country. Mao Zedong said with joy: 'This is the most ideal ending.'"

"Then, why did the plane crash?"

"Many possibilities have been analyzed, but they are only 'possibilities.' Nobody can give an accurate account of the cause."

He gave me other information pertaining to the "13 September" Incident.

"But Mao Zedong personally ordered the interception of that helicopter carrying the entire criminal evidence of the Lin Biao antiparty clique, including the 'Outline of

Project 571' and a list of small and big fleets [groups], which were very useful in handling the incident related to the Lin Biao antiparty clique.

"After the evidence was delivered to Mao Zedong, he asked for the identification (of the list of chief culprits) from the evidence. After investigation, it was determined that the 'list of fleets' had the names of chief culprits. Mao Zedong personally decided to arrest all the 93 persons on the 'list of fleets.' The task was assigned to me. Within a few days, all the 93 persons were arrested."

Mao Zedong's Merits and Demerits

On the overall evaluation of Mao Zedong, Ji Dengkui said: "Mao Zedong was a great figure in Chinese history. His most meritorious service was leading the CPC and the Chinese people in overthrowing the three big mountains [imperialism, feudalism, and bureaucratic capitalism, which weighted like mountains on the backs of the Chinese people before liberation] and founding a genuinely independent and unified New China.

"Very few people could match Mao Zedong in his erudition, talent, and boldness. His golden era lasted more than 2 decades from the Zunyi Conference to 1957 before the anti-rightist movement. During this period, he led us in winning one victory after another.

"He was never equivocal on the issue of safeguarding the motherland's independence and sovereignty. When Khrushchev visited China in the fifties, he proposed that we cooperate in setting up a long-wave radio station and joint fleet. Angered at this proposal, Mao Zedong struck the table and told Khrushchev: 'Why don't you say you want the whole of China?' The breakup with Khrushchev later led to the withdrawal of Soviet experts and the Sino-Soviet polemics."

"Mao Zedong did not open China to the outside world. Did this have to do with his lack of foreign travel experience?"

"Of course. As he was the No. 1 person, it would have been good for him to visit more countries to broaden his horizon."

I continued: "Chairman Mao had only been to the Soviet Union. Had he visited some developed capitalist countries in Europe and North America, it would have been helpful to him. Under the circumstances at that time, France was the only country available for foreign travel. China and France established diplomatic relations in 1964. Mao Zedong was on pretty good terms with the then French President De Gaulle. While the world was changing and economies of the capitalist countries developing by leaps and bounds after World War II, we closed ourselves and still regarded China as the No 1 country in the world."

Ji Dengkui agreed: "This is the case. I wish while relying on ourselves, we had taken some measures to open China to the outside world.

"The mistakes made by Mao Zedong domestically were the political movements he launched one after another, especially the 'Cultural Revolution.' Many people were victimized by the political movements. Mao Zedong was a good writer and speaker. But he often contradicted himself with his thinking. In his later years, almost nobody trusted him. We very seldom saw him and let Mao Yuanxin act as the liaison. Besides, when we met him we were very afraid of what we said for fear of committing an error. It was different from meeting him during the fifties and sixties. The unhealthy inner-party political life was a tragedy for the party as well as for Mao Zedong personally."

On the "Nine Commentaries" and Mao Zedong in His Later Years

Our conversation then turned to the "nine commentaries." Ji Dengkui said: "Mao Zedong was versatile. The 'nine commentaries' were revised by Comrade Mao Zedong word by word and sentence by sentence. He was quite satisfied with the 'nine commentaries.'

"Unfortunately, the 'nine commentaries,' though excellent in writing, could not stand the test of history. If we read these nine articles, we will find that most of their viewpoints are untenable. For example, actually Yugoslavia is a socialist country.

"Comrade Mao Zedong was in failing health before he passed away. He could not get up from the bed and was somewhat not in his right mind."

[Wang] "Didn't he receive foreign guests 2 months before his death?"

[Ji] "We are aware of that. The foreign guests he received were all from friendly countries. When these guests returned home, they did not reveal the real situation. Before the arrival of a foreign guest, the best photographer was called in to make preparations for taking pictures. After the foreign guest had arrived, some people supported him to stand up and held his arm to shake hands with the foreign guest. The photographer shot what happened at the moment. Actually, Mao could no longer make any talk."

Mao Zedong and Kissinger

"Have you ever read 'Memoirs of Kissinger,'" he asked me.

"No," I replied honestly.

"That book describes several meetings between Kissinger and Mao Zedong. Chairman Mao's criticism of Kissinger was very scathing, and on several occasions I

was present. Once, Mao Zedong said right after holding Kissinger's hand: "You were an Hegelian student, yet you don't know dialectics at all. You give up the Arab countries with a total population of more than 100 million, only to support Israel. This is not in line with the doctrine that everything has two aspects. Yours is a one-aspect doctrine."

"When meeting Mao Zedong on another visit to China, Kissinger saluted with both hands folded before his chest and said: You are really my teacher. Now, lying on my desk are all your books. I read all your books, both military and philosophic works. Mao Zedong smiled on hearing this."

Dialogue Between Li Guixi, Peasants Viewed HK1402044989 Beijing RENMIN RIBAO in Chinese 1 Feb 89 pp 1, 2

[Article by XINHUA reporter Yang Yuliang (2799 3768 5328): "'Tell Us Peasants the Truth'—A Conversation Between Party Committee Secretary Li Guixi and Peasants in Jiangxian (4829 4905) County"]

[Text] The hills and villages of Jiangxian County were covered with thick snow. During such seasons, the peasants always like to sit together around a stove, talking about everything. But there are also often controversies and complaints among them.

It was the morning of 24 January. Li Guixi, secretary of the county party committee, joined the villagers' conversation in Anyu Village, Anyu Town. The following are excerpts of his conversation with the peasants.

A Main Topic of Conversation: Commodity Prices

Zhang Delin (Male, 54): We the common people are most concerned with the question of commodity prices. Whenever we meet, we often complain that we sell our things cheap to the state but always buy at high prices. We cannot understand why. The prices of capital goods have been going all the way up, but why should grain prices not be increased again?

Li Guixi: It is true that the prices of capital goods have been going up quickly over the past few years, but grain prices have not been greatly increased. To curb the increase in the prices of capital goods and prevent middlemen from reselling them at profits, the state has monopolized the sale of some major capital goods, such as chemical fertilizer, pesticide, and plastic sheets. This has been decided by the CPC Central Committee and the State Council. Therefore, you can set your minds at rest. Why should we only slightly, rather than greatly, increase grain prices, and why should we increase them only by several fen per kilogram this year? This is because that the great increase in grain prices may result in the sharp price increases in various other fields, and no one but the peasants themselves will be the first to suffer. So, the state must keep the grain purchase price stable rather than

having them increased indiscriminately. (Editor's note: We can also explain to the peasants that before reform of the wage system is carried out, the great increase in grain prices will add burdens to city and town residents. Thus, the state will have to provide more subsidies. However, under the current situation, the state still has many financial difficulties. We hope that our brother peasants will make allowances for the state's difficulties and shoulder heavier loads for the sake of the whole.)

As a matter of fact, the grain prices you have been talking about are the state's purchase prices. They do not include those on the market. Market prices are often changeable. In fact, they have become very high. If we put them together, we can see that grain prices have actually increased by quite a big margin.

Judging from a long-term point of view, the prices of grain and other agricultural products should finally suit our economic development as a whole. But at present, we still cannot greatly increase our grain prices.

Xu Guanghui (Male, 46): Most of our fields are irrigated, on which two crops of grains are grown in a year. Each crop of wheat on each mu of land needs about 50 kg of nitrogenous fertilizer and 25 kg of urea and needs to be irrigated three times. The per-mu input in each crop of corn is almost the same, equal to about 100 yuan in cash. In addition, the peasants have to pay land tax and share other expenses, such as wages for the teachers of locally run schools and village cadres, subsidies for servicemen, and public welfare funds. Village enterprises have been developing quite well in our village. But in other villages, the peasants do not have other sources of income. How can they bear the heavy loads if grain prices are only slightly increased?

Li Guixi: It is true that the loads for the peasants are too heavy. According to an investigation made by the county's agricultural work department, the average load for each peasant is 43 yuan a year. In 1985, the problem of irrational distribution of loads was solved quite successfully as the county government had issued a special document on it. But in recent years, as the county leaders, especially myself, the secretary, have slackened our efforts in this respect, the problem has become serious again. Now we have studied the situation and adopted the following measures: First, we have made great efforts to vigorously develop township and village collective enterprises and conscientiously implement the strategic measure of "one trade for one village" in economic development; second, we have worked out a system of "fixed items and set quotas" for the collectives' retention, prohibiting all irrational apportionments of expenses and encouraging the peasants to boycott such apportionments; third, we have improved our rural financial system so as to cut down all irrational expenses of the village committees; and fourth, we have streamlined the cadres' ranks in villages. Perhaps things will become better after implementing these measures.

Miao Guifang (Female, 44. Seeing others raising questions boldly, she also stood up shyly): I have no objection to the increase in the prices of quality wines and cigarettes. But why should the price of matches, which are used everyday by every household, also be greatly increased? Now it is already 8 fen to 1 jiao for each box. I am afraid that some time later we will have to buy matches piece by piece!

Li Guixi: According to the rules of our province, matches can be sold at 4 fen a box. This is because the price of wood has gone up by more than 100 percent. The prices of 8 fen or 1 jiao a box are not the state list prices but the prices of profiteers.

Miao Guifang: Were those matches not first sold by the state-owned shops? Although it is a small matter, can you also take care of that? Matches are small things, but they are used by thousands upon thousands of households! (Editor's note: What this peasant said is quite right. Although matches are small things, they can affect the will of the people. The leaders should not neglect such small matters merely because they are less important.)

Li Guixi: Soon after I go back I will send people to investigate the matter. I will try my best to keep the price of matches stable so that your needs can be satisfied. (Applause of the masses)

Wang Jijun (Male, 59): We cannot afford to buy the chemical fertilizer supplied by the state. Thus, can we not refuse to sell grain to the state?

Li Guixi: No, you cannot. As I have just said, both the state and our county have made great efforts and adopted measures to keep the price of chemical fertilizer stable, so that everyone can afford it. We should continue to sell grain to the state according to contract. If the state's grain purchase task is not fulfilled, there will certainly be disturbances in the densely populated cities. Just think, can we let all the workers, cadres, students, and the PLA commanders and fighters go to the market and buy high-priced grains? Old Wang, what do you think?

Wang Jijun: Eh, eh, after all, it is still our duty to deliver patriotic grain to the state. (Editor's note: From this we can see that the peasants still have this basic consciousness.)

Yang Jianzhu (Male, 60, peasant specializing in transport): I am a peasant specializing in the transport business. Now there is nowhere for us to buy low-priced gasoline and diesel oil supplied by the state, but on the roadside we can see people selling high-priced gasoline and diesel oil. Their prices are even higher than edible oil. For this reason we cannot use our motor vehicles. Can you make investigate this?

Li Guixi: The contradiction between oil supply and demand has always been very sharp. Take our county for an example, the quota for oil supply is set according to the 1982 base. But in these years, the number of motor

vehicles has been increasing rapidly. In 1982, there were only 120 motor vehicles using gasoline in our county, but now there are 460; and at that time, there were 40 diesel oil vehicles, but now there are 200. Therefore, it is difficult to satisfy the demand. But why are there some people selling high-priced oil on the roadside? This has something to do with the disorder in the circulation sphere. Recently, the higher-level authorities have banned all private filling stations. According to this instruction, I have asked the industrial and commercial bureau to cancel the business licenses of four private filling stations and try to find out where they got the oil. Some people said that oil departments are under the direct administration of their competent authorities and the county authorities can do nothing against them. But as they are within the boundary of our county, if they have violated the law, I will also investigate and deal with their cases without exception.

The masses: Bravo! The county authorities should have done this long ago!

Fan Haiming (Male, 48): When we peasants buy anything from the state we have to pay cash, but we have heard, in many places, when the peasants sell grain and cotton to the state, they only get some empty debt bills from the grain and cotton purchase stations. Why is that?

Li Guixi: This phenomenon does exist in many places. The main reason is that the bank and the purchase units are unable to fairly arrange their funds. But giving the debt bills does not mean that they will not pay the money, but it will be paid later when cash is ready. Of course, this is an expression of irresponsibility toward the peasants, which may dampen their enthusiasm. But in our county, as the agricultural bank has made early arrangements, such a phenomenon has not appeared. If we pay more attention to it, this phenomenon can be avoided. You need not worry about that.

Material Supply Should Be Improved

Zhao Zhanhu: The task assigned to the peasants for delivering grain to the state is a hard task that should be fulfilled. But why does the supply of chemical fertilizer, pesticide, and plastic sheets often fall short of demand?

Li Guixi: What is your opinion?

Zhao Zhanhu (laughed): We the peasants are unfairly treated! (Editor's note: This is also true in a certain sense.)

Li Guixi: It is not true. (Editor's note: It is better to admit that in a certain sense the peasants are "unfairly treated" before giving further explanations.) The reason is that at present, the production capacity of our country is still rather low. Now the state is trying all possible means to increase the output of these products. At the same time, we will also import some from abroad so that the supply of these materials can be improved. For example, the Ministry of Chemical Industry is planning

to transform a number of small chemical fertilizer plants and build some large and medium plants in a few years. In the future, the variety, quantity, and quality of chemical fertilizer will all be improved.

The masses (one after another): We all hope so. It is time to make things convenient for us peasants in growing crops.

Zheng Shaojun (Male, 60): It is strange that the salt supply has also become short. Very often, even when we offer high prices, we are still unable to buy salt. Why on earth is that?

Li Guixi (with a smile): This is not because the salt supply has been reduced. But why the shortage? It is because at the end of last year, due to the unhealthy trend of panic purchasing, some people hoarded salt. Another reason is that some enterprises using salt as a raw material have used edible salt in production instead of industrial salt because they could not get the latter. But do not worry about that. Our county has already adopted some measures to ensure the supply of salt. (Editor's note: The second is the main reason.)

Why Have We Attached Importance to Agriculture Again

Fan Guozhang (Male, 39, party branch secretary): Some 2 years ago, less attention was paid to agriculture. But recently, the central authorities have held another rural work conference. Why have we attached importance to agriculture again?

Li Guixi: After 1985, as the problem of food and clothing had been well solved in most rural areas, and in some places, the phenomenon of "being difficult to sell grain" had even appeared, some comrades thought that the agricultural problem had already been solved. Thus, there appeared a trend of neglecting agricultural production. In the ensuing years, being afflicted by natural disasters, there was a stagnation in our grain production. Take our county for an example, our total grain output was more than 100 million kg in 1984, of which there were 80 million kg of wheat. Thus, we began to stress industrial production and made great efforts to promote the development of township and town enterprises and industrial crops. In other words, we attached greater importance to those quick-return items to the neglect of agricultural production. As a result, grain production began to drop in 1986. To 1988, the total grain output of our county was only equal to the output of the first crop of wheat in 1984. I think, this may also have happened in many other places of our country. If this situation is not changed and the agricultural foundation continues to be weakened, the overall economic situation of our country will certainly be affected. When all of us still have to worry about what to eat, how can we develop the economy? Therefore, the central authorities held a rural work conference at the end of last year to emphasize the importance of agricultural production, especially grain

production, and to put forth a series of new measures for developing agriculture under the new situation. The conference was held in good time, and it will be proved to be entirely necessary.

Xu Guanghui (Male, 46): We have read the report on the central rural work conference and the speeches made by the central leaders. We feel that what they said was all very good. But we are still apprehensive that they may not be successfully implemented. (Editor's note: The peasants' apprehension is reasonable. Agriculture cannot be strengthened merely by shouting slogans. The central authorities have worked out concrete measures, but how many of them have been well implemented? It is necessary to examine the implementation now and again so that all the measures can be implemented correctly.)

Li Guixi: What are you apprehensive about?

The masses: We are apprehensive that none of those measures will be successfully implemented.

Li Tinglong (Male, 41): We are apprehensive that the measures worked out by the central authorities will just become some cakes drawn on the wall to satisfy our hunger. For example, the central authorities said that the further development of agriculture depends on policy, science, and input. But in our county, what kind of science can we depend on, and how do we increase input without money?

Li Guixi: On the question of depending on policy, I think you have a better understanding of that, because only when the policy is correct can we ensure the continuous development of agriculture. As to the question of depending on science, the participants to the recent "three-level cadres" meeting of our county also had a special discussion on that. In order to popularize science and technology among the peasants, the county authorities have made the following decisions. First, to establish a leading body in charge of science and technological work. At the county level, a deputy county magistrate will be appointed to take charge of this work, at the township and village levels, a deputy head will also be appointed to take charge of this work. They must be fond of agricultural science and technology and must have the necessary knowledge and ability. Second, to establish a system for breeding good strains of crops. It has been decided that some 1,000 households will become specialized households in this field. Third, to make great efforts to popularize practical agricultural technology. Now we have started to establish four technology popularizing centers, including grain and cotton growing, animal breeding, hawthorn growing, and the processing industry.

Without money, it is really difficult to increase input. Not only you but also the county leaders find it difficult to increase input without money. At present, our country does not have sufficient financial resources. After the central rural work conference, I attended a provincial meeting. The provincial leaders asked directors of the

financial department and banks to make a careful calculation and strictly budget so that agricultural input might be increased. But after a careful calculation, they found that only 50 million yuan could be used. Just think, there are more than 110 counties in our province, including more than 30 poor counties. When this sum of money is distributed to all counties, how much can we get? On an average, each person can only get less than 2 yuan. What can we do with that small sum of money? In our county, although we have cut down expenses in many other fields, we also only have 500,000 yuan to use. However, sinking a motor-pumped well alone will cost us more than 40,000 yuan. What I want to say is that to increase agricultural input, we must not only rely on the state, but must also rely on ourselves. Our measures include: Raising funds; subsidizing agricultural production with the assistance of township and village enterprises; tapping the potentialities of the existing water conservancy projects; collecting more farm manure; making greater efforts and improving the soil; and trying to find more financial resources from our homes. In short, we must not just wait. If we keep on waiting and relying on others, we may even become beggars in the future! Do you not think so?

Li Tinglong (laughed): Yes, we do!

The masses also laughed.

During the conversation, the peasants also talked about many other questions, such as public order and political and ideological work in rural areas. They offered their views and ~~talked~~ about their misgivings, and Li Guixi answered ~~their~~ questions straightforwardly.

Yang Huihe (Male, 26): Then, to end our conversation, I would like to ask you a question, Secretary Li. When you meet a bad person, are you afraid of him? (The whole room rocking with laughter.)

Li Guixi: It would not be true if I said no. I am secretary of the county party committee, and an ordinary man as well. Why should I not be afraid? For example, some cadres have made mistakes and have been punished, and some have even been discharged from public employment. They may always bear this in mind and may seek an opportunity to revenge. For this reason, sometimes I am also afraid. However, I believe that justice will win. So, what should I be afraid of? The bad person is a man, and I am too. Yet he has done something ugly and shameful. People often say that a thief is afraid of sound and a ghost is afraid of brightness. When he has done something bad, he has a guilty conscience. When we boost our courage, he will be afraid of us. Therefore, we must dare to fight against bad people. That is why I have become more courageous. I am not afraid now! (Warm applause.)

The conversation lasted 4 hours. The peasants asked all their questions and spoke out about what was on their minds. They understood many things and learned the truth. Although the answers might not be satisfactory to

all participants, the peasants felt much happier than before. Wang Mingjun, an old peasant, said joyfully: "In the past what we could hear was just some hearsay. So we did not know the real situation of our country. After the conversation we gained a better understanding of it. Therefore, we peasants must make allowances for the difficulties of the state and must not always complain!" (Editor's note: How reasonable the peasants are! Thus, the government has to care more for them, tell them the truth, and do more concrete things for them.)

Commentator on Caring for Peasants
HK1402045989 Beijing RENMIN RIBAO in Chinese
1 Feb 89 p 1

[Commentator's article: "The State Cares More for the Peasants, and the Peasants Care More for the State"]

[Text] In accordance with the arrangements made by the central authorities, various rural areas in China have made use of the slack season this winter to launch an education on the current situation. Many cadres have visited the peasants and had dialogues with them. Judging from the conversation between the secretary of the Jiangxian County CPC Committee and the peasants, although it was just a short conversation and the secretary's answers were not necessarily accurate, although the peasants did not necessarily understand everything they had heard, the situation was quite different before and after the conversation. The situation is often changing. Therefore, it is necessary to often grasp the education on the current situation. Dialogue is a very good form in this education.

Since everyone has his own ideas, it is necessary to have them exchanged through dialogue. The current rural situation is generally good. But some peasants have complaints about certain phenomena, such as the low grain purchase price and the sharp increase in the prices of chemical fertilizer and pesticides, and the "empty debt bills" of some units in purchasing agricultural products. They naturally feel uncomfortable and want to say something. However, it is also difficult to carry out education on the current situation and to talk with the peasants. Under such circumstances, it is all the more necessary to do well in this education so as to guide people to correctly understand the situation, follow the correct orientation, build up their confidence, and find ways to overcome difficulties and move forward. It is necessary to reason things out through dialogue and other effective ways and to fully affirm the achievements of reform and development while fully estimating our difficulties and problems. It is necessary to allow both the peasants and the state tell their own difficulties and guide the peasants to look at the benefits reform has brought to them. Practice shows that the peasants will feel glad and will understand the existing problems and the difficulties of the state after having dialogues with the cadres. The key is that everyone should speak the truth in light of the real situation so that substantial results can be achieved. If we just stress the "excellent

situation" again and again and talk about the "existing problems" in hollow words, if we just require the peasants to "listen and understand" what we have said, or if we even appear among the masses as senior cadres delivering reports or giving admonitory talks to them, we will be unable to achieve substantial results.

The experiences of various areas show that it is necessary to adhere to the following principle in the current education: The state should care more for the peasants, and the peasants should care more for the state. (In a broader sense, when dealing with all matters concerning the relationship between the state and the peasants, it is necessary to implement this principle.) In order to implement this principle, we must treat the peasants as equals when having dialogues with them. The education on the current situation is not only aimed at educating the peasants, but also aimed at educating the leading cadres at various levels and the personnel of various relevant departments who have dealings with the peasants.

The state should care more for the peasants. This is decided by the nature of our country, which is based on the alliance of workers and peasants. The peasants in our country have a good tradition of patriotism and have made great contributions to our revolution and construction. The reform in the past decade has brought about many benefits to the peasants, but they still have many difficulties. The long-standing problem of "inclination to the cities" has not yet been solved, and the phenomena of overheated industrial development and the slow development of agriculture have not been rectified. Since 1984, the price scissors between industrial products and agricultural products have been widened again. The increase in the prices of industrial products, including the means of agricultural production, has offset and overshadowed the benefits the increase in the state's purchase prices for agricultural and sideline products has brought to the peasants. "At present, it is better to do any other jobs than farming!" If we do not take into consideration such complaints from the peasants, we will certainly be unable to promote our modernization drive. Even the current reform will be difficult to carry out in depth.

In the eyes of many peasants, all the personnel from various state departments and local governments who have dealings with the peasants are representing the "state." Thus, "the state should care more for the peasants" also means that all these personnel should often listen to the views of the peasants and care more for the peasants' interests and demands. They must effectively improve their work and make more concrete efforts to do good turns for the peasants.

The peasants too, should care more for the state, and for the overall situation of reform. Unlike the practice of the "all-around contract system" in reform of the system of the people's commune, the current rural reform is but a "closed revolution" in the rural areas. Both reform of the circulation system for agricultural products and the work to rationalize the prices of agricultural products should

be carried out step by step because they all concern the readjustment of the structure of economic interests of urban and rural residents and the bearing capacity of the state, the enterprises, and the consumers. Over the past few years, although the purchase prices of some agricultural and sideline products have increased, there have been little changes in their selling prices. Thus, the state's burden has become very heavy in providing financial subsidies. Generally speaking, ours is a big country and a developing country with a poor economic basis. At present, it is not only necessary to solve the food problem of the 1 billion people but also necessary to make long-term arrangements for the future. All fields need to increase input, and none can be overemphasized at the expense of any others. Moreover, in the next 2 years, our country has to carry out the heavy task of improving the economic environment and rectifying the economic order. Thus, we are feeling our ability falling short of our ambitions though we understand that we have to do and also want to do many things. Especially, reform can only be carried out steadily, step by step, and in a planned way, as a slight move in reform may affect the overall situation.

Take the increase in the contract grain purchase price for example, relaxing the market can help the peasants increase their income by selling grains and will thus promote grain production. However, judging the current financial strength of the state and the bearing capacity of urban residents, it is still impossible to entirely rely on market regulation at present. Therefore, although the government understands that the grain purchase price is on the low side at present and it is not fair to the peasant, although it has been trying hard over the past few years to change this situation as soon as possible, since the overall situation does not allow a great increase in grain prices, it still has to ask the peasants to make allowances for the difficulties of the state and to wait patiently for another period of time. It is not at all strange that we have encountered such difficulties and problems. They reflect the complexity and arduousness of reform. In the education on the current situation, we must adopt vivid, lively, and realistic methods to tell the truth to the peasants, so that they can have a good understanding of the difficulties of reform and the cost they should pay while realizing the advantages of reform. In short, through the current education, we must make the peasants understand the difficulties of the state, care more for the overall situation, care more for the interests of the whole, and enthusiastically and happily throw themselves into rural reform and development, especially into this year's agricultural production, so that we may have a good harvest this year.

Book Reviews Nation's Current Class Structure
HK1202071489 Beijing RENMIN RIBAO in Chinese
3 Feb 89 p 5

[Article by Xing Binsi [6717 6321 1835]: "After Reading 'Studying the Class Structure in the Initial Stage of Socialism in China'"]

[Text] "Studying the Class Structure in the Initial State of Socialism in China" is the fruit of research on an

important topic of social sciences in China's Sixth "5-Year" Plan. A publication of the CPC Central Committee Publishing House, the book was edited by Gao Guang [7559 0342], Li Zhen [2621 4176], Ma Ming [7456 7686], and Wang Changyuan [3769 2490 6678] of the CPC Central Committee party school, and Jiangsu and Fujian provincial party committee party schools.

Combining theory with practice, this book stands unique in the same category, being a treatise of rather high academic value. It has reviewed and reflected the Marxist class theory and its development in practice, and studied the new exploration on this issue in contemporary socialist countries. While broadening its vision to include international experiences, the book focuses on the new historic changes in the economic as well as the class structure in China's initial phase of socialism. Based on the new pattern of China's economic structure, the authors have concluded that such classes and social strata as workers, collective peasants, intellectuals, and individual workers exist in China's socialist society today, while making individual and concrete analysis of the historical changes, present conditions, and developing trends of every class and stratum.

The authors have pointed out: The working class has changed from the oppressed and the exploited into the leading class of the state. The working class in the socialist society possesses production materials in society or as a collective, and is a class consisting of manual and mental laborers, with their income chiefly derived from wages. Its internal make-up includes bodies of material producers, the intelligentsia, and the managerial stratum. With the deepening of reform, some of the leading members of enterprises in the managerial stratum will convert into entrepreneurs, who are gradually developing into the entrepreneur groups in China's society. The Chinese peasants have gone through three historic changes, namely, the agrarian reform, the cooperative transformation of agriculture, and the reform in the rural structural reform. With the rural economy changing from a unified public ownership and operational way to multiple operational ways, and from a natural economy to a commodity economy. An increasingly greater number of peasants have left their land, with many of them becoming workers in the secondary and tertiary industries, while others become workers in town and township enterprises; these peasants are in the process of identifying themselves with the working class. They have been shaped into a fringe "peasant-worker" stratum, characterized by leaving their land without deserting their home villages, so to speak. The Chinese intelligentsia has realized the historic change from their dependence on a certain class to an integral part of the working class in the socialist society. The intelligentsia consists of the intellectual groups devoting themselves to either material production, or spiritual production, or management and services. As part of the working class, the intelligentsia enjoys the highest cultural qualities, and has played a particularly important role in socialist modernization. The individual workers in China's rural

and urban areas have shaped into a social stratum of independent laborers. The private sector of the economy under socialist conditions is an economy of private ownership linked to socialist public ownership, and an indispensable and helpful supplement to the socialist economy at that. The authors have made exhaustive analyses of the division of labor, labor modes, interest relations, social functions as well as the value concepts of every class and social stratum mentioned above.

Worthy of note is the fact that in this treatise written by Gao Guang and others, the authors have devoted some chapters and sections to dealing with some of the issues that fall into the category of entirely new conditions and new problems surfacing in China's reality, without any ready answers from their predecessors to refer to; for example, the issue of hired laborers in the initial phase of socialism. The authors have studied the phenomenon of hired laborers, in their historical evolution from ancient times to contemporary history as well as their new characteristics in the initial phase of socialism, the advantages and disadvantages of such an economic form, and the correct attitude regarding such a phenomenon. In addition, the authors have also dealt specifically with all problems that accompany the new changes surfacing in the economic structure and class relations of the special economic zones, opening cities and areas as well as the implementation of the "one country, two systems," and their effects on China's social and state structures. They have set forth independent views, showing their courage and spirit of blazing new trails in theory.

The issue of classes and social strata in China's socialist society can be an extremely complicated new topic. The research on this topic has just been initiated. With the in-depth development of reform and opening up, new conditions and new problems will continue to surface; therefore, we should not demand exhaustive perfection of the authors in their discussions of every issue. Especially economic and ownership structural changes will lead to more new changes in all classes and social strata. This precisely requires us to continuously explore to meet the new situation. The book in question has made the initial stride in exploring this topic in depth on the basis of systematic investigation and research, and such study characterized by blazing new trails is worthy of our positive recognition.

Ministerial Posts for Nonparty Members Expected
HK1402044389 Hong Kong SOUTH CHINA
MORNING POST in English 14 Feb 89 p 8

[By David Chen]

[Text] About one-third of the ministers in the State Council are expected to step down and make way for non-communist democratic party members next month, it was learned yesterday.

Sources said at least 10 ministerial posts would be affected. The move was in line with the authorities' declaration late last year that non-communist party members would play an important part in the administration, and that at least one-third of senior administrative posts both in the central government and at provincial level would be occupied by non-communists.

The change is to be tabled by Prime Minister Li Peng, at the second annual full session of the seventh National People's Congress (NPC), which begins its session on March 20.

The convening of the session was announced by NPC spokesman Zhang Husheng in Beijing yesterday. He did not say how long the session would last.

It is generally expected that the session will be shorter than the 20 days that the first session took last year when a totally new government was named and approved by 2,900 delegates, after heated debates on a number of crucial issues relating largely to economic matters.

Mr Zhang said the main functions of the annual meeting were to hear a report on the state of the nation given by Mr Li, approve the budget, act on legislation submitted by the NPC Standing Committee and approve senior government appointments.

The Communist Party holds ultimate power in China and in the past the NPC has done little more than give unanimous endorsements to party-determined policies.

In recent years, however, the NPC has become somewhat more assertive. Although the legislative body has not acted against party wishes, it has provided a forum for debate on key legislation and has on occasions delayed the passage of, or amended, bills.

Apart from the nomination and endorsement of the list of new government ministers, the coming session is expected to focus on measures to slow down the overheated economy and reduce an inflation rate now exceeding some 20 percent.

The agenda is expected to be worked out at a Standing committee meeting of the NPC tomorrow.

The Prime Minister, in his work report, will deal with the country's foreign policy as well as the Taiwan issue, in the light of rapidly changing international alignments, rapprochement between Beijing and a number of countries including the Soviet Union and India, and Taiwan's new "flexible" foreign policy.

But the subject that is expected to attract the greatest attention is the country's economy and the authorities' efforts to stamp out malpractice and corruption. Group

discussions are expected to be heated as delegates, particularly those from the less-endowed regions such as the northwest, clamour for a bigger slice of the country's economic cake.

Dalai Lama's Brother Reportedly Visits Beijing
HK1402044289 Hong Kong AFP in English
0440 GMT 14 Feb 89

[Text] Beijing Feb 14 (AFP)—The brother of the Dalai Lama, Tibet's self-exiled spiritual leader, met Chinese Government and Communist Party officials during a recent visit here, a well-placed Chinese source said Tuesday [14 February].

No other details of the visit by Gyalo Thondup were available, but it came after the sudden death on January 28 in Xigaze, Tibet, of the Panchen Lama, second only to the Dalai Lama in the Tibetan Buddhist hierarchy.

Western analysts here said the trip may have been organized to allow an exchange of views between the Dalai Lama and the Beijing authorities through Mr. Thondup's intermediary.

The trip also came as persisting disagreements appeared to block the start of planned talks on the future of Tibet, which the Dalai Lama had suggested be held in Geneva starting last month.

Mr. Thondup, a Hong Kong-based businessman, has often served as a go-between in the past between Beijing and the Dalai Lama, notably after the bloody anti-Chinese riots in Lhasa in October 1987, when he reportedly carried messages from the Chinese authorities to his brother.

The Dalai Lama has been based in Dharamsala, India, since 1959.

Chinese newspapers reported meanwhile that a ceremony would be held Wednesday at the Great Hall of the People here in memory of the Panchen Lama, who died of a heart attack at the age of 50.

The Panchen Lama was the only Tibetan leader acceptable to both parties, hailed by Beijing as "a great patriot" and by the Dalai Lama as "a freedom fighter."

His death was a particular blow to the moderate wing of the Chinese Communist Party, who saw in him one of their strongest spokesmen.

The Panchen Lama had never questioned China's sovereignty over Tibet, but often criticized Beijing's political excesses there over the years.

In his last public speech only days before his death, he said that Tibet had lost more than it gained under communist rule since Beijing's bloody suppression of Tibet's 1959 anti-Chinese uprising that led to the Dalai Lama's exile.

Memorial Service for Panchen Lama Set
OW1302204089 Beijing XINHUA in English
1520 GMT 13 Feb 89

[Text] Beijing, February 13 (XINHUA)—A memorial service for the late Bainqen Erdini Qoigy Gyalncain, vice-chairman of the Standing Committee of the National People's Congress (NPC), will be held in the Great Hall of the People in Beijing on the afternoon of February 15, according to the Funeral Committee.

Bainqen (Panchen Lama), also honorary president of the Chinese Buddhism Association, died of a heart attack January 28 in Xigaze, in the Tibet Autonomous Region.

Mainland Publication of Draft Basic Law Planned
OW1302125889 Beijing XINHUA in English
1156 GMT 13 Feb 89

[Text] Beijing, February 13 (XINHUA)—China will soon publicize the Draft Basic Law of the proposed Hong Kong Special Administrative Region for discussion among the people on the mainland and in Hong Kong.

A decision to this effect will be deliberated at the sixth meeting of the Seventh National People's Congress (NPC) Standing Committee scheduled for Wednesday [15 February], according to Zhang Husheng, spokesman for the NPC Standing Committee, at a press conference here today.

Ji Pengfei, chairman of the Basic Law Drafting Committee, will deliver a report on the draft law at the meeting, the spokesman said.

The NPC Standing Committee has entrusted the Basic Law Drafting Committee to revise the draft on the basis of the suggestions to be solicited before submitting it for examination to the Third Session of the Seventh NPC next year.

"Reporters from Hong Kong, Macao and Taiwan are welcome to apply to cover the Second Session of the Seventh NPC to open on March 20," the spokesman said, adding that a press center will be established at the All-China Journalists Association for their convenience.

On the agenda of the Second Session of the Seventh NPC also are the examination of a government work report, the reiteration and approval of state budget and economic and social development plan for 1989 and two draft laws.

The forthcoming Sixth NPC Standing Committee meeting will also examine or reexamine three other draft laws: law governing the inspection of import and export commodities, law governing administrative procedure, and rules of procedure of the National People's Congress.

Also on the agenda of the meeting are the examination of a report on the credentials of the deputies of the new Hainan Province to the Seventh NPC.

The Draft Law on Administrative Procedure which has been revised on the basis of public discussions will be submitted for deliberation and approval to the Second Session of the Seventh NPC next month. The law, the spokesman said, is an important step in the country's efforts to improve its legal framework.

The reexamination of the rules of procedure of the National People's Congress is to meet the needs of the ongoing reform of the country's political structure while improving China's socialist democracy. The rules which have been discussed among relevant departments and NPC deputies will also be submitted to the Second Session of the Seventh NPC for deliberation.

Basic Law on NPC Agenda

HK1402013889 Beijing CHINA DAILY in English
14 Feb 89 p 1

[By staff reporter Chang Hong]

[Text] A report on the draft basic law adopted earlier this year for the future Hong Kong Special Administrative Region and a draft law on import and export commodity inspection are on the agenda of the Sixth Session of the Standing Committee of the National People's Congress (NPC), which opens tomorrow in Beijing.

According to NPC spokesman Zhang Husheng, who briefed reporters at a news conference yesterday on the week-long session, the committee also expects to approve its earlier decision to convene the NPC on March 20 and to approve the NPC's main agenda items.

He said these include a report on the work of the government, examining and adjusting the plan for the national economy and social development and a report on the implementation of the 1988 state budget and on the budget for 1989.

Zhang said the committee will also consider four draft laws, dealing with import and export commodity inspection, the prevention and cure of infectious diseases, administrative procedures and procedural rules for the NPC.

Zhang said a number of revisions and amendments had been made to the draft law on administrative procedures since it was published last November. The original draft of seven chapters with 49 items has been expanded to 10 chapters with 68 items. The revised draft will be submitted to the NPC next month for final approval.

During the Standing Committee's session, Ji Pengfei, chairman of the Hong Kong Basic Law Drafting Committee, is to deliver a report on the draft Basic Law of the

Hong Kong Special Administrative Region adopted earlier this year. A decision would be made later to publish the draft and three documents as appendices, Zhang said, to solicit opinions from people in all walks of life on the mainland and in Hong Kong.

After further revisions, he added, the draft will be submitted to the NPC next year for adoption.

Due to the importance of this report, several NPC deputies from Hong Kong will attend the Standing Committee's Sixth Session as non-voting delegates, he said.

Fang Lizhi, Others Say Marxism-Leninism 'Dead'
HK1202030889 Hong Kong AFP in English
0306 GMT 12 Feb 89

[By Pierre-Antoine Donnet]

[Text] Shanghai, China, Feb 12 (AFP)—Marxism-Leninism is either dead or in its last gasps in China, where 40 years of socialism have resulted in resounding failure, three celebrated Chinese intellectuals have said in separate interviews.

Writers Bai Hua and Wang Ruowang, both well-known critics of the government, and China's most renowned dissident, astrophysicist Fang Lizhi, said Marxism-Leninism and the thoughts of Mao Zedong were already things of the past even if they remained the pillars of official ideology in China.

"As with other theories, Marxism-Leninism has its place in the evolution of mankind, but it already belongs to the past. Its spirit and ideals are dead. There's no point in becoming emotional about it," explained Mr. Bai, 59, a member of the Communist Party since 1947.

"Today, the feelings and emotions expressed about these grand ideals have become pointless. The Cultural Revolution was also a very emotional time," added Mr. Bai, an intellectual who, along with tens of thousands of others, was persecuted during the 1966-1976 extreme-leftist campaign.

For his part Mr. Wang, 72, a Chinese Revolution veteran who entered the party in 1937, said the party would destroy itself if it continued to refuse to allow the people to "wake up" and take part in political life.

Internationally renowned astrophysicist Fang Lizhi, who has sometimes been called the "Chinese Sakharov" after Soviet dissident Andrei Sakharov, said that even the party's leaders have long since given up believing in Marxism.

They only continue to use Marxism to hold on to power which, in any case, will soon be taken away by the people, he said.

"They lost their faith in Marxism well before the people did. For them the only criterion is power," he said.

Punctuating his remarks with loud laughter, Mr. Fang, 53, said he himself had however believed in the party very early, when he was not more than 12.

Becoming a member of the Communist Youth League in 1949, the year the People's Republic of China was founded, he went on to join the party in 1955 at the age of 19 and was expelled at the same time as Mr. Wang, when the press launched a campaign to discredit them.

"In the 1950's everyone believed in communism, including a large number of intellectuals," but today this faith is dead, he said. "We believed that Marxism was right, but they (the leaders) thought it would be useful to gain power."

"Mao Zedong believed in Marxism but only as an instrument of power," said Mr. Fang, who has lived in Beijing since 1987.

"If the party allows this awakening of the nation there will be a chance for it to survive, but if it continues on its present course it will certainly die out soon," explained Wang Ruowang.

A Shanghaiese like Mr. Bai, Mr. Wang was expelled from the party after a huge row. The expulsion was personally ordered by Chinese leader Deng Xiaoping, who labelled him a "bad element."

The expulsion, which Mr. Wang says was illegal, took place as China was launching its "anti-bourgeois liberalism" campaign to counter nationwide student protests.

"Maoism, Stalinism and old Marxism-Leninism must be completely eliminated, and the sooner the better," Mr. Wang said.

Mr. Wang wished the 84-year-old Mr. Deng a long life, "but in fact I hope he lives long enough to see the edifice of the 'four basic principles' collapse so that he can understand how much better off China would be without them," he said laughingly.

The four basic principles, the cornerstone of the Chinese Communist Government, call for adherence to socialist principles, the democratic dictatorship of the people, the supremacy of the Communist Party and adherence to Marxism-Leninism and the thoughts of Mao Zedong.

The three intellectuals agreed on the importance of removing Maoist influences in China as soon as possible and of publicizing everything Mao did, including aspects of his rule that remain secret 13 years after his death.

"The Soviets are absolutely right to question Stalin. All his crimes and political mistakes are now public. It is about time we did the same thing with Mao," Mr. Bai said.

"If we do not deal with the problems caused by Maoism, we will not be able to scale the wall in front of us and move ahead. I agree with other Chinese intellectuals that the time has come to add up the cost of Maoism," he said.

But, he added, party leaders cannot do this without running the risk of calling into question the party's entire history since its formation.

Both Mr. Bai and Mr. Fang agreed that a program to remove Maoist influence would have no chance of succeeding while Mao's successors remained alive.

Chinese leader Deng Xiaoping has allowed some criticism of Mao since he came to power in 1978, but in a 1980 interview with Italian journalist Oriana Fallaci he said "we will never do to Mao what has been done to Stalin."

Cadres Urged To Quit Concurrent Enterprise Jobs
OW1202175489 Beijing XINHUA Domestic Service
in Chinese 1257 GMT 12 Feb 89

["Local Broadcast News Service"]

[Text] Beijing, 12 Feb (XINHUA)—The General Offices of the CPC Central Committee and the State Council on 5 February issued a joint circular on questions concerning the screening of cadres of state organs who hold concurrent jobs with companies (enterprises).

The circular says: Party and state organ cadres who hold concurrent jobs with any companies (enterprises) must quit either their company (enterprise) jobs or their party or government posts prior to the end of March 1989. Party and state organ cadres here (similarly hereinafter) include those who have left their party or government posts but have not yet gone through the formalities of retirement.

The circular says: Cadres of party and state organs who have production management experience or special skills and hold concurrent jobs in production, technological development, consulting, or service companies must also quit either the concurrent jobs or their posts in party or government organs.

The circular says: Party and government organ cadres who hold concurrent jobs in nonprofit labor service companies run by their organs to improve logistic support and make things convenient for the workers and staff members may keep the concurrent jobs. Party and state organ cadres who hold concurrent jobs in labor service companies run by party or government organs to earn profits, which are permitted to continue operation after the screening, must quit either the company jobs or their posts in party or government organs.

The circular says: Cadres of party and state organs are not allowed to serve concurrently in joint ventures. A small number of cadres who hold concurrent posts in foreign-funded enterprises in accordance with contracts should

quit the concurrent posts as soon as the contracts expire, if they are bound by the contracts now. They should not receive any remuneration for the concurrent posts.

The circular says: Cadres of party and state organs reaching retirement age should go through the retirement formalities in accordance with relevant CPC Central Committee and State Council provisions. If they are in good physical condition, have business management experience, or technical skills and want to work for any companies (enterprises), they should follow the "Provisions on Questions Concerning Retired Cadres of Party and State Organs at and Above the County Level Engaging in Business or Running Enterprises" issued by the General Offices of the CPC Central Committee and the State Council.

The circular points out: From now on party committees and governments at all levels will no longer examine and approve the requests of cadres of party and state organs for hold concurrent jobs in companies (enterprises). Newly established companies (enterprises) will neither be registered nor given licenses by the industrial and commercial administration if any cadres of party and state organs are to hold concurrent posts in them.

Article Urges System for Avoiding Nepotism
OW1302101489 Beijing GUANGMING RIBAO
in Chinese 5 Feb 89 p 2

[Article by GUANGMING RIBAO reporter Xia Xin (1115 2946): "Practice Avoidance, for the Sake of Clean Government—A Report and Reflection on the Establishment of a System of Avoiding Nepotism"]

[Text]

I.

Often, when relations of kinship, in-laws, or hometown affiliation of one kind or another interfere, a simple, ordinary matter becomes a delicate and complicated one. A decision which should be easy to make becomes a hard one to make, and matters that should pose no problem become difficult to handle. This kind of situation, in which one is surrounded by relatives or acquaintances from the same town or neighborhood, is very common among cadres at all levels from the central government down to local governments. A survey made last year shows that, of the over 500 personnel of Justice Ministry offices, 20 percent have some kinship relations with each other. Of the 84 cadres of the Weinan Intermediary People's Court of Shaanxi, 17 are bound to each other by family relations. In government offices below the county level, such occurrence of nepotism in political life is even more conspicuous. There have been cases where 3 members from the same family all work in 1 bureau of only 20 personnel. Thus, there are offices which have become "husband and wife shops" or where "one family rules." There is one bureau where two of the

three bureau directors are in-laws. A few years ago, there was even a folk saying going the rounds in Tonghe County, Heilongjiang, which says:

"Relatives form a 'squad' and sons-in-law are members of the 'division,' while daughters and wives are all typists.

"Nobles and princes ride in a motorcade, and all aunts are members of the women's federation."

It is an even more common occurrence that "the father rides the car driven by the son" and "the grandson buys the wine for the grandfather." Children of bureau directors become each other's husbands and wives. In time, such connections link so many people together that their number grows to the size of an army company. Whenever a meeting is held, the appellations you hear are none other than "uncle No 2 of my child" and "uncle No 3 of my child."

Such congregations of relatives among cadres have caused many inconveniences in the execution of routine work. In particular, when it comes to personnel promotions or demotions, or decisions on merits and commendations or demerits and punishment, side issues or new problems often crop up unexpectedly. Confusion ensues and, faced with the web of nepotism, everyone avoids involvement or making a decision on the matter. Because of such interference, democratic evaluation of cadres exists in name only and inner-party life cannot proceed in a normal way. This is particularly so in the case of power holders in important positions. Even if they themselves want to handle things impartially and try to disregard relatives who are either their subordinates or hold lower grade positions, they cannot persuade the cadres around them to also transcend these taboos. The result is that dereliction of duty committed by some people gets tacitly approved. Furthermore, the interference of family closeness or remoteness in our work gives wings to the spread of unhealthy practices. Because some people with evil designs allow relationships to take precedence over duty and work, not surprisingly we find such situations as "the wife participating in administrative operations," "the children acting as government advisers," and "the authority represented by the three seals carrying no more weight than the relationship of old acquaintances from the same town." A director of the administration for industry and commerce in Ningjin County, Hebei Province, once installed more than 10 of his relatives in work posts in his department. Practices such as this inevitably lead to the kind of situation in which "the family rules the office," the size of offices becomes too big, job positions overlap, the personnel surplus grows bigger and bigger, and the principle that maintenance of a department should be based on the number of work posts needed becomes nothing but empty talk. The declining quality of cadres has also directly damaged the prestige of the party and the government.

All this raises a question which we cannot afford to ignore: We must establish an avoidance system for cadres, a system which centers on the shunning of nepotism.

II.

This avoidance system can be traced back to ancient times. As early as the East Han Period of more than 2,000 years ago, an avoidance system for officials was established to eliminate abuses in state administration resulting from nepotism. By the Tang Dynasty, the system had become considerably entrenched and consolidated. After the Ming Dynasty, it became the prevailing practice to avoid appointing local officials to their hometowns. During the Qing Dynasty, the government went even a step further by designating an off-limits area of "500 li from the hometown" to be avoided by officials. This avoidance system prevailed throughout feudal society until the Republic of China period. In the world, countries which enforce this system of avoiding nepotism include Switzerland, Argentina, Austria, India, the Soviet Union, Poland, Czechoslovakia, and Hungary. In Japan and some other countries, the avoidance system even extends to one's party and school affiliations. Since the founding of New China, the avoidance system has never been established because the cadre personnel system has been imperfect. The phenomenon of congregations of relatives still exists in many localities and departments. There are many factors that contribute to this kind of practice.

1. Historical reasons: Many units that have been restored after the "Cultural Revolution" or have been newly established have been in dire need of talented people. The transfer of one person to such a unit often affects the whole family, and it is usually very difficult to find a job placement for a dependent outside of one's unit. A forestry bureau in one locality had four couples transferred to it within the same year. Furthermore, there are those departments which fall in a special category, such as the Labor Reform Bureau under the Ministry of Justice. They are situated in remote areas, and it is inevitable for relations of kinship and in-lawship to develop. Of the 84 cadres in the bureau, there are 13 couples.

2. Restrictions caused by some existing interim policies. All localities have their own written or unwritten regulations dealing with the separation of husband and wife and the employment of one's children (including rehabilitated soldiers, soldiers transferred to civilian work, and educated youths transferred back to cities a few years ago). The generally accepted principle is for the parents, the spouses, or the units themselves to solve these problems. When put to practice, this does not pose too many difficulties for those units that have "legs" [subordinate units]. But for those units without "legs," the only approach is to artificially create another "congregation of relatives." There are also some units which,

when recruiting personnel, must find the employees they need from among children or relatives of their workers in order to avoid the trouble of finding housing for the new employees.

3. The long-standing abuse of the departmental ownership system: The reform and open policy in recent years has indeed made a large dent in this stone wall. In spite of this, however, the impact has not been big enough to separate personnel transfer from the cancer of departmental ownership. The difficulty of personnel exchange between the central and local governments, between higher and lower levels, and between different departments and regions remains a knotty problem facing the reform of the economic structure. Some units set up by the central organs in various localities have turned into "husband and wife shops" and "offices where one family rules." This situation also impedes personnel exchange between the central and local governments.

4. The influence of traditional values: Units that provide better conditions usually attract people in droves. In addition, loopholes in existing policies also objectively make people want to take advantage of their kinship or in-law relations to achieve their goal of getting hired by these units.

5. In the course of transition from the old system to the new, the administrative restrictions imposed from above on enterprises and institutions under the ownership of the whole people exceed in effect the pressure from lateral competition. Shortages of materials or capital often subject the relationship between different departments to a certain form of artificial control, rendering it impossible for the units concerned to refuse the input of personnel not connected with their work. They may even have to solicit the influence of their relatives or friends to deal with some of the problems confronting them.

III.

There is a cause and effect relationship between the establishment of an avoidance system for cadres and the undeveloped commodity economy. In a not so developed society as China, where blood relations have long influenced political life, it becomes more necessary to establish a complete avoidance system for cadres. Furthermore, the establishment of such a system is also an important part of the reform of the personnel system. As a supporting reform of the public service system, the Ministry of Personnel has begun to formulate the "Provisional Regulations on Avoidance for State Functionaries" for future public servants working in administrative departments. The regulations mainly cover job avoidance, public service avoidance, and regional avoidance.

Lately, there has been welcome news. Some regions and departments have begun realizing the ill effects of allowing relatives and friends to work in the same unit. According to their respective local conditions, they have begun to establish systems or adopted measures to avoid

nepotism. For example, since last August, after 2 years of trials, Hebei has promoted in a planned and gradual manner the "Provisional Regulations on Practising Avoidance Among Leading Cadres Working in Party, Government, and Justice Organs" formulated by the Organization Department of the provincial CPC Committee. The regulations include job avoidance, public service avoidance, and regional avoidance. For example, cadres having the following relations are prohibited from working in the same leading bodies: spouses, close relatives of spouses, relatives with blood relations dating back to the last three generations, and relatives formed through the marriage of sons and daughters; spouses of leading cadres, relatives of either of the spouses, relatives formed through the marriage of sons and daughters are forbidden to hold leading posts which have a superior or subordinate relationship with a particular leading cadre; nor are they allowed to hold leading posts in offices and organization, personnel, labor, and supervision departments as well as in discipline inspection organs of the same level where the particular leading cadre works. Zhangjiakou City and Shahe City are two cities in Hebei where the avoidance system for cadres has been tried earliest. More than 70 percent of the cadres in the two cities changed work units either to avoid working with people from the same region or with relatives. The experiment has drawn a wide response from the masses.

As evident from some regions where the avoidance system has been tried, there are certain difficulties and problems in practising the avoidance system among cadres. Generally speaking, the larger the unit concerned or the better its conditions, the more difficult the "avoidance" task becomes. As far as the individual is concerned, it used to be that "it is nice to enjoy the cool under a big tree"; now, with avoidance, one must aim high, not low, but one's eyes are still fixed at getting into similar, already overstaffed units. Job arrangements are limited; people are shuffled within a limited range; very often there is no change at all since a relative of a bureau chief is exchanged with a relative of another bureau chief. What is more, units are reluctant to accept cadres transferred from other units because one more cadre from outside means one more competitor when promotion time comes. This again involves the whole cadre management mechanism.

All in all, at present the enforcement of the avoidance system for cadres still lacks the favorable environment of public media support; it still needs further and deeper reform; it requires the elimination of iron rice bowls, and the removal of iron chairs and various departmental ills. The real opportunity for practicing the avoidance system will come only when people reject the common view or change their common view; a change of view among leading cadres is particularly important. On this point, one comrade of the Organization Department of the Hebei CPC Committee said it well: The key to practising the avoidance system among cadres, in addition to having a strong organization, lies in practicing it, beginning with the key departments and with the leading cadres.

Commentary Views Negative Reform Developments
OW1302115289 Beijing GUANGMING RIBAO
in Chinese 5 Feb 89 p 1

[Weekly commentary by Shen Shuirong (3088 3055 2837): "How Did Negative Phenomena Surface in the Course of Reform"]

[Text] How did negative phenomena surface in the course of reform? This is a question which we have frequently and unavoidably encountered in our education on the current situation. An oversimplified answer, such as "they are the products of reform," or "they are not brought about by reform," will not be very educational.

Problems surfacing in the course of reform have many complicated causes. Some of them are indeed caused by reform itself. The reform which we undertake today is, in a certain sense, an effort to mend what we have not done right or what we have done wrong. Some of the phenomena that have surfaced in this process are rooted in the past. They are the problems accumulated from years of malpractice inherent in the old structure. For example, the problem of hidden inflation—characterized by the phenomenon that "people have money but cannot purchase goods"—and the problem of low income among intellectuals had existed in our country long before the reform. Malpractices within the party today were also serious in the "Great Cultural Revolution," although they appeared in different forms. Thus, to a certain extent, inflation, unfairness in distribution, and certain corrupt phenomena in party and government agencies today are the relapse of old illnesses. However, when a patient gives negative responses to the treatment of an old illness, there must be something wrong with the medicine or surgery. Reform is a profound revolution, and none of us has experience. It is thus inevitable that we will make mistakes and cause all sorts of problems. Comrade Deng Xiaoping said: In the past decade, "there were minor errors and shortcomings from time to time, but we committed no major mistakes. Currently, we have the problem of inflation. Price is rising too fast." (Remarks during his meeting with Uruguayan President Sanguinetti on 7 November 1988) His remarks acknowledged that "minor errors" are inevitable in reform and that they are one of the causes of inflation and other negative phenomena. This is precisely the real situation of reform. For example, some of our reform measures were taken too hastily; some projects were undertaken without adequate support and the necessary macroeconomic management; some of the problems which surfaced in our economic life were not promptly and resolutely dealt with; and some of our propaganda on reform, for a period of time, led the masses to have excessively high expectations. These shortcomings and mistakes undoubtedly have complicated the problems caused by the contradictions and frictions during the transition from the old to the new structure. Thus, it is clear that the problems which surfaced to our disappointment in the course of reform do have something to do with the reform.

Obviously, the problems caused by the shortcomings and mistakes in our work are not the inevitable products and end results of reform. Along with the deepening and perfection of the reform and the establishment of a new commodity economic order, such problems will ultimately be overcome and resolved. However, on the other hand, the new structure and new things that come into being as the end result of a successful reform can still have a negative side. While nurturing the flowers to blossom, sunshine, rain, and dew also speed the growth of weeds; while some medicine can marvelously cure a chronic and stubborn disease, it can also bring harm to the other parts of the body. The new structure produced by the reform also plays different roles in society. Some of the roles are "positive" while others are "negative." Some roles are principal while others are secondary. For example, as we abandoned the system of management by administrative control and adopted one of relying on the regulatory force of the market, we brought into full play the positive factors of society and breathed new vitality to our economy and society. However, at the same time we also, inevitably and to a certain extent, weakened discipline and centralism—characterized by past practice of "nationwide mobilization at the call of the central authorities"—giving rise to the phenomena of people "countering a central policy with their own different measures." The new structure brings about conflict between "major benefits" and "minor harms," a process in which "major benefits" are obtained at the cost of "minor harms." What merits our soul searching is that many of the unhealthy, ugly, and corrupt phenomena surfacing in our country in the process of reform are identical or similar to the maladies of the commodity economy in Western society. Similar situations have also appeared in a number of socialist countries in the course of lifting the control of the market. This shows that some of the negative phenomena are inherently connected with the commodity economy or with a certain stage of its development. Since socialist commodity economy is a commodity economy in a different form, it cannot completely free itself from the inherent problems. Therefore, in the course of carrying out the reform and developing a socialist commodity economy in China, we cannot expect to resolve all the social problems we encounter today. Some of the negative things may be overcome step by step, others may accompany the commodity economy and exist indefinitely, and still others may surface in even more acute forms. We must adequately prepare ourselves mentally for this. Precisely because of this, recently Comrade Zhao Ziyang repeatedly stressed: We must promote the development of socialist commodity economy and the productive forces and, at the same time, carry out the work in the ideological-political field.

Will the acknowledgement that reform may bring about negative phenomena lead to the negation of reform? No, it will not. When we speak favorably of reform, we do so not because reform has nothing negative but because of its historical inevitability, progressive nature, and rationality. Reform, which is in accord with the needs of

historical development, has brought about a tremendous development of the productive forces. The new structure created by it has great vitality. It is far superior than the old rigid structure. Sure, reform will bring about "harms." However, the "harms" are problems encountered in our march forward. They are negligible in comparison with the "harms" of the old structure. In addition, the "benefits" brought about by reform cannot be compared by certain partial "benefits" of the old structure. This is why our party unswervingly implements and pushes forward reform and why the broad masses of people enthusiastically support and take part in it. As the old saying goes, "When choosing between two goods, choose the better of the two; when choosing between two evils, choose the lesser of the two." This is exactly the principle which we have followed in reform. Therefore, in our education on the current situation, we need not avoid the question. The important thing is to let people understand clearly the great significance of reform and the tremendous superiority of the new structure by explaining to them the benefits and harms and the gains and losses involved. Only by so doing can we truly guide them to correctly treat the negative phenomena and boost their faith in reform. We will not have satisfactory results at the end if we do otherwise in our education on the current situation and give undue stress to the argument that the problems "are not caused by reform." On the one hand, this will not be conducive to making the leaders face the problems squarely and resolve them actively and correctly. On the other hand, it will not be conducive to making people understand the causes of mistakes in reform. Instead, it will make them regard reform as an panacea, resulting in their lack of adequate mental preparation and the ability to psychologically accept the negative side of the reform and its long-term existence. There is a story that goes like this: A family, plagued by rats, obtained a cat. Before long, the cat caught all the rats. However, it also ate the chicken. The son wanted to get rid of the cat. His old man would not go along, saying: We can afford not to eat chicken. But without the cat, the rats will eat up our grain and destroy our clothing, and we will all suffer from hunger and cold. The father did not try to ignore the harms brought by the cat; he was only concluding and asserting that it was necessary to keep the cat after comparing the benefits and harms involved. This kind of persuasive education method is worthy of being borrowed by us in our ongoing education on the current situation.

Commentary Reviews 10 Years of Reform
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No 12, 5 Dec 88 PP 4-6

[Special commentary by Zou Yingyi 6760 5391 3015 entitled: "The 10 Years During Which All-Around Reform and the Self-Reform of the Party Promoted Each Other"]

[Text] The convening of the 3d Plenary Session of the 11th CPC Central Committee marked that China's socialist construction and the history of the party entered into a

new period. The great contributions of the third plenary session will be immortal in the books of history. Over the past 10 years, our party, sailing along the course set by the 3d Plenary Session of the 11th CPC Central Committee, has achieved world famous successes in leading the people of all nationalities across the nation to bring order out of chaos, implementing all around reform, and speeding up socialist modernization. At the same time, while leading reform, the party also has incessantly strengthened its self-building and self-reform so as to make all-around reform and party-building influence and promote each other. In addition to leading the people across the nation to transform the objective world, the party has changed its subjective world continuously and strengthened its party-building to reform the objective world more efficiently. This is a remarkable characteristic of party-building in the new period and is also a reflection of the regularity of party-building in the new period. In memory of convening the 3d Plenary Session of the 11th CPC Central Committee, we must review the journey we have embarked upon over the past 10 years and conscientiously study and sum up the experience of strengthening party's self-reform and self-building while leading and promoting reform. This way, we may continuously push forward party-building and reform in our effort to deepen all-around reform in the future. This is an important common task for party organs at all levels and members of the Communist Party.

I.

The past 10 years is a period in which reform sprang up and continuously took root in the great earth of China, a period in which party-building got onto the right track again and was continuously strengthened, and a period in which reform and party-building promoted each other and began to bear rich fruit. We should not forget that reform and party-building did not start on a smooth road but under the circumstance when the 10 years of domestic turmoil inflicted severe wounds on the party and the state. The 10-year "Cultural Revolution" has pushed "leftist" phenomena to the limit and caused unprecedented destruction to the party in ideology, organization, work style, and other aspects. As Engels once said: "A great class, just like a great nation, can never learn quicker from anything else than from the result of its own mistake." ("The Complete Works of Marx and Engels," Vol 22, p 325) The 3d Plenary Session of the 11th CPC Central Committee redressed the "leftist" mistakes in guiding ideology and resolutely criticized the erroneous viewpoint of "two whatevers," restored and established the ideological line of seeking truth from facts, and adopted the guiding principle of "emancipating the mind, using the brain, seeking truth from facts, and uniting as one in looking to the future," paved, in terms of ideology, a smooth way for great reform, and made all-around reform an irresistible trend in China. We may say, in this sense, that the reform in China was started with the party's self-reform, with bringing order out of chaos, and with the emancipation of the mind. The emancipation of the mind on the part of the whole party and all people across the country stimulated the

spirit of reform and exploration and enabled them not always stick to what the book says or do things for the sole purpose of pleasing superiors. They began to integrate the universal truth of Marxism with realities in China and boldly studied and explored ways to successfully build socialism with Chinese characteristics.

Our party is the force at the core leading China's cause of socialism. If the party wants to fully play its central leading role and unite and lead the people to build socialism, it must adapt itself to the needs of the development of history and constantly reform itself. For a long period after gaining political power of the whole country, our party has, by and large, followed traditional ways in the period of democratic revolution in terms of the leadership system, style of operation, work style, and work method. These traditional experiences did help us achieve victory in the revolutionary struggles of the past. Some of the basic ideas and principles in party-building should and must be upheld. However, because of the development of the situation, circumstances and conditions have changed, so have the tasks facing the party. Especially after all-around reform, myriad new phenomena, situations, and problems have emerged. In many respects, party-building has become more and more incompatible with the demands of the ever developing economic and political situations. Since the 3d Plenary Session of the 11th CPC Central Committee, our party, while leading all-around reform, has made an important stride forward in seriously studying and exploring party-building and reform. For example, we have changed, in accordance with the new situation, the party's leadership system, abolished the life-long tenure system of leading cadres, stipulated that "the party must conduct its activities within the limits permitted by the Constitution and laws," and stipulated that we "must give less publicity to individuals" to overcome the influence of individual worship. We have set out to solve the phenomena of making no distinction between the functions of the party and those of the government and enterprises and substituting the party for the government and enterprises. We have made the separation of the party from the government a first priority in the reform of the political structure. We have also adopted concrete methods to implement the separation of the party from the government at the central, local, and grass-roots levels. In the area of the cadre personnel system, we have begun to establish a system of public service and systems of management by establishing a number of categories for cadres, of their evaluation, and of their appointments. We have endeavored to improve the structure and quality of our contingent of cadres. With regard to the forms of the party organs, style of operation, and work methods, we have made quite a few changes in accordance to the new situation. We have paid attention to promoting democracy in the party and to developing a democratic and scientific approach toward decisionmaking. To draw lessons from past experience, we have emphasized that we must persist in proceeding from realities in carrying out various tasks. The party particularly put forward the theory of the primary stage of socialism at the 13th Congress and has conducted an education of the fundamental situation on the state at the

present stage to help the vast masses of cadres and party members realize that in proceeding from realities the most important thing is to proceed from the fundamental situation of China at the present stage. This represents a further deepening in the implementation of the ideological line of seeking truth from facts and will produce a far-reaching influence on ensuring and promoting the smooth progress of reform.

II.

The 3d Plenary Session of the 11th CPC Central Committee adopted a strategic policy decision to shift the focus of the work of the whole party to socialist modernization, focused on economic construction. Replenishing, enriching, and developing this policy decision in the course of practice, the 13th CPC National Congress laid down a basic line, with the "central task and two basic points" as its main components, which have become the fundamental guidelines for our current reform in all fields as well as the starting point and goal of our efforts to intensify party-building.

In carrying out reform, we have implemented the party's basic line and, under the premise of upholding the socialist system, reformed a series of interrelated links and aspects in the production relations and superstructure that are incompatible with the development of productive forces. The criterion for evaluating the success or failure of a reform measure, or the degree of its success, lies ultimately in its role in stimulating the productive forces and promoting the economic construction, that is, whether it can help increase productivity. In intensifying party building, we have ensured the implementation of the party's basic line. Therefore, the criterion for evaluating the results of party building lies in its effect on expanding the productive forces and promoting the economic construction, that is, whether it is conducive to stimulating productivity. This is a concept that we must clarify in building up the party organizationally in the new era.

Over the past decade, our party has precisely proceeded from the starting point of expanding social productive forces and promoting socialist modernization in studying and working out ways and means for intensifying party construction. This is a prominent aspect of the interaction between reform and party building, as well as a focal point for studying and summarizing the experience in party-building. Take, for example, factories, mines, and enterprises. In the past, the party committee exercised "centralized" leadership over a factory, mine, or enterprise. Since the introduction of a director or manager's responsibility system, the party organization exercised only supervision, not "centralized" leadership anymore, over its own unit, and it should help the director or manager to assume leadership responsibility in an all-around manner. This is a major reform measure for invigorating publicly owned enterprises, improving various responsibility systems within the enterprises, and raising their economic efficiency. The party has put

forth the principle of promoting younger, better educated, and more professionally competent and revolutionary cadres because a large number of cadres with general and technical knowledge and managerial expertise are needed by the whole party to lead the socialist modernization drive. In building up the contingent of party members, the party has stressed the importance, and stipulated in the party constitution the necessity of studying science and general and professional knowledge while grasping the Marxist theory and the party's line, principles, and policies for improving comprehensively the quality of party members. All of these are aimed at keeping abreast with the needs of socialist modernization and promoting the expansion of productive forces.

Party-building must be closely linked to the party's political construction and serve its political line. Party-building today must guarantee the implementation of the party's basic line, uphold the "two basic points," facilitate the economic construction, and develop social productive forces. We must always bear in mind these main components, reform all ideas and practices incompatible with the needs of the new era, more conscientiously carry out the party's basic line, and uphold productivity as the criterion comprehensively and accurately to ensure a job well done in party-building in the new historical period.

III.

Opening a closed China to the outside world is an integral part of the reform policy. The policy of reform and opening has placed party construction under a new situation and surrounded by new milieus. This policy has, on the one hand, instilled new vitality into the party as an organization, broadened the vision of party organizations and members, tempered and enhanced their ability. On the other hand, it has unavoidably brought about new circumstances and problems. We must enhance our ability by absorbing the vigor derived from the reform and open policy, while striving to prevent and eliminate evil tendencies finding inroads into the party, and build up our capability to resist their inroads in the struggle against various negative and decadent phenomena. This is another major aspect of the interaction between reform and party-building.

Obviously reform is an inexorable trend. It is impossible for us to go back to the times of closure and confinement. Therefore, party construction must be adapted to the new situation arising from the reform and open policy, and how we view and handle the impact of the reform and open policy on party construction is of vital importance. Showing great foresight, the party Central Committee has steadfastly implemented the reform and open policy while persisting in checking unhealthy practices, rectifying party workstyle, and eliminating decadent phenomena. Since the 3d Plenary Session of the 11th CPC Central Committee, our party has made unremitting efforts to improve party workstyle, reinforce party

discipline, and prevent and get rid of undesirable phenomena. In line with the provisions in the party constitution following the election of a 100-member Central Discipline Inspection Commission at the 3d Plenary Session of the 11th CPC Central Committee, party organizations at all levels have established and improved discipline inspection organs at various levels as the special organizations for safeguarding party rules and regulations and assisting the party committees to improve workstyle. To rectify comprehensively party organizations, the party rectification campaign was carried out from top to bottom in the whole party within a concentrated period of 3 years for checking and rectifying power abuse, serious bureaucratism, and other unhealthy practices and acts of violating law. Basing on problems involving party style and discipline during different stages of party rectification, the party Central Committee later issued a series of decisions and notices strictly prohibiting party and government organizations and cadres to set up businesses under the pretext of invigorating the economy. In view of violations of law, the party Central Committee, the Central Discipline Inspection Commission, and all relevant departments drew up special rules and regulations for safeguarding and enforcing party discipline, and the Central Discipline Inspection Commission and discipline inspection organs at various levels investigated and handled a good many cases of violation of discipline and duly punished violators according to the degree of their violation of party discipline. According to statistics, between 1982 and 1987 nearly 800,000 party members across the country were given all kinds of discipline actions, including 170,000 expulsions from the party. The report of the 13th CPC National Congress pointed out: The inner-party struggle against corruption is unavoidable when we are carrying out reform and the open policy. Therefore, it is necessary to maintain high standards and improve the quality of party members, enforce party discipline, resolutely expel a few degenerate members who undermine the cause of the party and the people, and properly handle unqualified members of the party. In view of corruption in some party and government organizations, the party Central Committee has repeatedly stressed the importance of clean administration since the 13th CPC National Congress, and has decided to investigate and clamp down on "bureaucratic profiteering" in the recent drive to improve the economic environment and rectify economic order. All of these indicate that under the situation of reform and opening, our party has remained sober-minded, maintained high standards, and improved the quality of party members, striving to achieve economic prosperity while retaining strong purity of the party as an organization.

The reform and opening policy is our general principle. A major task of party building in the new period is to withstand the test of being the ruling party as well as that of carrying out the policy of reform and opening. Therefore, although we are still not quite satisfied with the progress in overcoming unhealthy practices in the party, we should be confident that as long as we persist in

making sustained and protracted efforts, achieve unity in thinking and action of all party members, and adopt effective measures to improve the economic environment, rectify economic order, and establish a new order of socialist commodity, we will certainly be able to clamp down gradually on various negative undesirable phenomena to the minimum.

IV.

As Comrade Zhao Ziyang pointed out in his report to the 13th CPC National Congress, we must discover a new approach for party building through reform and through the establishment of new systems, instead of through political movements. This is an important guiding principle for intensifying party building under new circumstances.

It is necessary to point out that in the past we attached great importance and scored notable achievements in building up the party ideologically, organizationally, and in its workstyle. However, we failed to thoroughly recognize and understand the importance of establishing new systems. In summarizing the lessons drawn from the "Cultural Revolution," the party was profoundly aware that the absence of the systems and laws for ensuring inner-party democracy and democracy in national political and social life was a major reason for the inability on the part of the party and the government to prevent and stop launching and developing this decade-long national disaster. Bitter lessons explain that the establishment of new systems is an issue of long term importance, having a vital bearing on the stability of the overall situation. To establish new systems suitable for new circumstances through reform is the fundamental way to build up the ruling party. In his report "Reform of the Party and State Leadership System" to an enlarged meeting of the Political Bureau of the CPC Central Committee in August 1980, Comrade Deng Xiaoping analyzed the defects existing in the party and state leadership system and called for reforming the system. After the Political Bureau approved the report, the party Central Committee put forth explicitly the task of building up the party through the establishment of new systems. The 13th CPC National Congress has emphasized: "To consolidate and develop the party's correct line, to make its decisionmaking process more democratic and scientific, and to give full play to the enthusiasm and creativity of party members and organizations at all levels, it is of vital importance to strengthen the systems of the party." This indicates that the CPC has deepened its understanding of the importance of establishing new systems in the course of reform and opening China to the outside world. In establishing and improving various inner-party systems over the recent years, the party Central Committee has successively formulated the "Code of Conduct for Inner-Party Political Life," "Regulations Governing Remuneration for the Living Standards of Senior Cadres," "Decision Prohibiting Gift Giving and Receiving in Activities with Foreigners," "Instruction Requiring Leading Cadres at All Levels to Personally Draft Important Documents Instead of Having Them Written by

Secretaries," "Six-Point Regulation for Rectifying Unhealthy Practices," and "Regulations Prohibiting Party and Government Organizations and Cadres To Set Up Businesses or Manage Enterprises." The Central Discipline Inspection Commission has formulated rules for examining and handling cases of violating discipline, and various central departments have also worked out a number of systems and regulations for the work of which they are each in charge. All these rules and regulations show that party building has been gradually institutionalized.

The establishment of new systems for the party is, of course, a systems engineering project with an extensive and complex scope. An arduous and meticulous job remains to be done to build up the party through the establishment of new systems in a true sense, and to resolve contradictions and problems within the party, regulate inner-party operations, coordinate the party's relations with external milieu, and thus promote party building in all fields through relying on and applying mainly the functions and mechanisms of systems. We are convinced that with the keen attention of the Party Central Committee, both positive and negative experiences, and the joint effort by all party members, we will certainly be able to establish gradually and perfect the party's various systems and build up a healthy cycle of running and building up the party with systems, thereby continuously promoting party building, the reform and open policy, and the socialist modernization drive.

Press Administration Director Explains New Law
OW1202061689 Beijing Domestic Service in Mandarin
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[From the "National Hookup" program]

[Text] According to a report by XINHUA reporters Xu Dihua and Lu Xiaohua, with a view to assisting books and periodicals with good social benefit, China will implement a new price, taxation, and credit policy for its press and publication undertakings. In the upcoming No 2 issue of ZHONGGUO JIZHE, Du Daozheng, director of the China Press and Publications Administration, will elaborate on this new policy.

Du Daozheng said: All newspapers, magazines, and books must comply with price application and approval procedures. There will be a price ceiling for newspapers and magazines with poor social benefit, and violators will be punished and have their entire profits taken away. The law will crack down on newspapers, periodicals, and books with obscene content.

Du Daozheng said: Lower tax rates and more opportunities for loans will be provided for newspapers and periodicals with good social benefit, and those with poor social benefit will have fewer or no opportunities.

According to reports, the draft of the PRC Journalism Law, which has been undergoing solicitation of opinions, stipulates that the state protects and assists the development of journalistic undertakings, providing them with necessary material conditions and applying to them low tax and interest rates and other preferential economic policies.

Du Daozheng said: Approval for new newspapers will be under strict control, except for those to be inaugurated by the democratic parties so as to support them to more actively discuss, participate in, and supervise state affairs. The Press and Publications Administration encourages nongovernmental quarters to set up publication funds to support the publication of outstanding, especially academic works.

According to another XINHUA report, the formal draft of the PRC Journalism Law is expected to be submitted to the NPC Standing Committee for deliberation toward the end of this year, and it has been under the solicitation of opinions.

In a recent interview with reporters, Du Daozheng, director of the China Press and Publications Administration who has presided over drafting the Journalism Law, said: The draft Journalism Law clearly stipulates that the state shall guarantee citizens' exercising the right of press freedom within the limits prescribed by law, without being investigated or harassed, and at the same time shall crack down on acts of press freedom abuse according to the law. The draft law also stipulates that the freedom of the press is a democratic right by which citizens are kept informed of and air views on major domestic and international events, and participate in social and national political life through the mass media. When a citizen exercises his or her right of press freedom, he or she must not encroach upon the collective interests of the state and society and the lawful rights of other citizens.

Du Daozheng said: The draft Journalism Law stipulates, in concrete terms, the rights and duties of press units and journalists, clarifying the press organs' self-responsibility for their publications and the guarantee for their functions in spreading information on the one hand, and the contents of press censorship on the other for the protection of the interests of the country and the people.

A special chapter on journalistic arbitration stipulates that press arbitration committees may be set up at the national and provincial, autonomous regional, and municipal levels to handle disputes in journalistic activities.

In addition, the Press and Publications Administration has also presided over the formulation of interim provisions of PRC journalists.

Article Views Problems of Defense Industry
HK1302000189 Beijing JINGJI YANJIU
in Chinese No 12. 20 Dec 88 pp 63-68

[Article by Jiang Baoji (5592 1405 4388), Zhang Sheng-wang (1728 0524 2489) and Ji Bing (1213 0365) of the Political Economics Teaching and Research Office of the National Defense University: "Several Problems on the Strategic Readjustment and Structural Reform of the National Defense Industry"]

[Text] The readjustment and structural reform of the national defense industry are important constituent parts of the development and structural reform of the national economy. Recently we visited certain localities of the third line regions to investigate this problem and conducted group discussion meetings with the relevant departments. Now we bring up several important problems for general discussion.

I. National Defense Industry Faces New Problems in the Course of the Big Change

After nearly 40 years of construction, our country has built a national defense industrial structure with a definite scale and a relatively complete assortment of departments and occupying a pivotal position in the national economy.

Since the 3d Plenary Session of the 11th CPC Central Committee, and following the party shifting the major part of its work to socialist modernization construction, the guiding ideology in national defense construction has affected a strategic change and the national defense industry has been engaged in an important strategic readjustment.

The main difficulties currently confronting the national defense industry are: 1. A sharp drop in orders for military articles and a serious surplus in production capability. According to a sampling survey carried out in August 1987, the utilization rate of the equipment of enterprises of the third line war industry was only around 30 percent and the utilization rate of the high-precision and advanced equipment was even lower. 2. A serious outflow of talented personnel. 3. Because of the restrictions imposed by the old structure, the enterprises could hardly shift their track or their mode of operation. The national defense industry has a product economy management and control structure, which is very unsuitable for the demands of shifting the direction of military and civilian combination and the development of a planned commodity economy. 4. Low comprehensive economic benefits. According to a survey conducted in Zhongqing, in the massive shift of the war industry enterprises, 42.1 percent of them showed relatively poor economic benefits and the comprehensive economic benefits of the war industry enterprises of the city were on the average lower by 28.5 percent when compared with the other industrial enterprises of the city. 5. About

50 percent of the war industry enterprises still have not found a mainstay civilian article for production; they are still in difficult straits and many of them have to depend on subsidies.

To solve the above-mentioned problems, the basic way out is to vigorously carry out the strategic readjustment of the national defense industry and deepen the reform of the structure.

II. The Strategic Readjustment Problem of the National Defense Industry

The strategic readjustment of the national defense industry, particularly the large third line war industry enterprises, aside from readjustment of their geographical distribution, principally refers to the strategic readjustment of the general scale and structure of products of the national defense industry.

(1) Ensuring the production of military articles is the prerequisite for readjusting the national defense industry.

Engaging in the production of military articles is the basic function of the national defense industry. Despite the reduction of the Armed Forces by 1 million people and a large cut-back in the volume of equipment for the Armed Forces, their qualitative demand has increased to an even higher level. Hence, readjustment of the national defense industry must be carried out under the precondition of ensuring the war articles production task.

First, it is necessary to cut down the scientific research capacity of war production. A "huge set-up but a low level" is the outstanding problem of our country's national defense industry. The original gross scale of war production was suited to a war economy and exceeded the capacity to bear on the part of the national economy. Between the various departments of the war industry there was a serious state of redundant scientific research on production of the same, or similar, kinds of military articles. The production scale internally in the various departments of the war industry is also overly large. Due to the front line being too long and the set-up being on too large a scale, the limited resources for investment on scientific research on production of the war industry and for the purchases of military articles, even though expended like "pepper sprinkling," could hardly provide orders for over 50 percent of the enterprises for military articles. Even when units received orders for military articles, over 50 percent of their production capacity remained idle. The immense size of the war production set-up not only is one of the direct causes of the low level of the war industry products but also becomes an unbearable burden on the national economy. Cutting down the war industry production capacity is thus the first and foremost task that urgently needs doing. Under the prerequisites of protecting against the possibilities of partial warfare and the emergence of sudden hostilities

and ensuring advanced research, in our opinion: one-fifth to one-fourth of the existing war industry production capacity should be preserved and one-third to one-half of the scientific research capacity should be maintained. Carry out the war industry production guideline of a "small set-up, high level," "little production but a lot of research and many experiments" and calling for the production of few but excellent products.

Second, it is necessary to establish a specialized and coordinated war industry production structure. For a long time, the national defense industry has been separated from the national economy's production system of the "large and comprehensive" and closed-door type. Between the various war industry departments, separate systems have been formed and cooperation and liaison are lacking. Inside the war industry enterprises or base areas, the entire production process is completed in the plants. This, plus the enterprises forming social organs of their own, makes the war industry enterprises form an enclave of their own in the local economy.

Cutting down on the war industry's production capacity should not be interpreted as purely and solely shrinking the scale; it calls for quality readjustment on the basis of production socialization and the building up of a war industry production structure of socialized coordination. The mechanical processing, advanced processing and production of essential spare parts of military articles must involve the basic departments of the national economy. In the production of coordinated products, aside from keeping a small number of backbone enterprises, it must be rooted in the civilian industries; war industry enterprises should take as major work the keeping and maintenance of a number of general assembly plants which merge scientific research and production into one body. We must grasp well the general regulations, product planning and general assembling work, and must carry out high-level scientific research and production measures. Only by setting up a specialized and coordinated war industry production structure can production of military articles be allowed to possess a relatively large flexibility and can the peace-time war industry production guideline of "small set-up but high level" be realized.

Third, it is necessary to make rational arrangements for the geographic distribution of the war industry productive forces. During the "first 5-year plan," war industry enterprises were established mostly in the northeast, north, and east regions. During the "third 5-year plan" and the "fourth 5-year plan" in the third line war industry, projects similar to, or nearly similar to, the original enterprises and units were again established. At present, the production and scientific research capacity of the third line war industry is 50 percent of the war industry of the whole nation. Due to the redundant geographic distribution, when cutting down on the production capacity of the war industry, inevitably the problem of retaining or abolishing certain war industry enterprises in a locality will arise.

The war industry enterprises of the first line are mostly established in large cities or towns or their suburbs where there are communication facilities, complete basic social facilities, news and information services which are speedy and large in volume, and where the cost of producing military goods is low. On the other hand, the third line war industry is mostly located in isolated mountainous regions, is widely scattered, has inadequate communications and news information facilities, lacks cities and towns nearby to give it support, bears the heavy burden of engaging in social activities, and the cost of producing military articles is exceedingly high.

Regarding the problem of retaining or abolishing war industry enterprises, a rather serious conflict is found between the geographical distribution of the war industry's productive forces and the matter of economic benefits. In our opinion, if viewed from the angle of national defense strategy, the geographic distribution of the war industry should occupy the first place, because this is related to the safety and existence of the state and the Armed Forces. In deciding whether to retain or abolish the war industry enterprises in the first line or in the third line which are of the same, or nearly the same, nature, priority consideration should be given to retaining the third line enterprises. In readjusting the strategy of national defense of the third line war industry, the geographical distribution of the regional productive forces should likewise be rationally arranged. Enterprises located too deep in the mountains should be moved, converted to other production lines or stopped altogether so that production can be adequately centralized and their weak points be converted into strong points.

Fourth, it is necessary to rationally readjust the prices of military articles. For a long time, the prices of military articles have followed an "identical system" over several tens of years (production cost plus 5 percent profit on production cost). With the increase in the prices of raw materials and the increase in labor costs, the enterprises' economic benefits from producing military articles are obviously lower than those from civilian articles. Particularly in the case of the coordinating products for the war ministry, the input is three times that of civilian articles but the output is only 50 percent of the civilian articles and thus there is no way to compensate the production expenses. The low prices of military articles bring losses to the production of military articles and this has become a general phenomenon. This is hardly advantageous to the development of the enterprises or to the stability of the basic production corps. We should indeed speedily readjust the prices of military articles and make the economic benefits from production of military articles at least not lower than those from the production of civilian articles.

(2) Development of civilian articles is the central problem in the readjustment of the national defense industry.

The most important work in the readjustment of the strategy of the national defense industry is the readjustment of the product structure, the shifting of the surplus

war industry production capacity to the development of civilian articles and the forming of a production structure which is a military-civilian combination and peacetime and wartime combination. In recent years, the war industry enterprises have developed a number of products needed in both the domestic and foreign markets and the speed of the growth of the production value of the civilian articles has also been rather rapid. However, compared with the actual economic strength of the war industry enterprises the disparity is still rather great. Take for example the output value rate of fixed assets, the average level of civilian industries in the whole country is 128 percent out the average of the third line war industry enterprises is only 50 percent. Computed at the national average of the production capacity of the third line war industry, the portion that has not been displayed is over 50 percent. At the same time, about half of the war industry enterprises lack civilian articles to serve as mainstays while some are still looking for "rice to cook the meal", so to speak. As for those large and medium-sized enterprises which have already found civilian articles as mainstays (articles produced in a relatively large quantity with problems of raw materials, spare parts and sales market already solved), they still need to develop the second and third civilian articles to serve as mainstay.

The development direction of civilian articles must principally be governed by two restrictive factors; one is market demand and the other is the technical composition of the enterprise. In developing civilian articles the war industry enterprises' best choice should be to have both unified.

Generally speaking, the technological composition of the national defense industry represents the state's most advanced technological level. This special feature is especially prominent in the third line war industry. Seen from the hardware system, the technical equipment owned by the third line war industry is superior to that of the civilian industrial enterprises in quantity, types and kinds and precision degree and, besides, the industry has a large quantity of precision equipment and important scientific and technological methods in conducting tests and experiments. Seen from the software system, 12 percent of the total number of staff members and workers of the third line war industry consist of technicians, far higher than the 3 percent level in the enterprises producing articles for civilian use. Moreover, there is a more or less complete variety of specialized categories and trades and the technological superiority can hardly be matched by the enterprises producing articles for civilian use.

In the current opening up of civilian articles, the war industry enterprises' technological superiority has not been fully displayed. Only in the case of a small number of enterprises does the civilian article approach or nearly approach the technological composition of the enterprises themselves. Judged from the criteria of the market guidance direction, the majority of the

currently opened up civilian articles serving as mainstays have produced benefits, and solved the war industry enterprises' problems of a sudden drop in the tasks of armament production and of the pressing need of fighting for survival. This is completely in accord with the regulations of the commodity economy. But measuring with the yardstick of guidance direction in technology, this has caused the technology of the war industry enterprises to slide downward in grade and is disadvantageous to displaying the superiority of the war industry enterprises. For example, although the output value of the civilian articles produced by the third line war industry system has exceeded the output value of the military articles, actually the transfer of their existing volume of technology has not reached even 30 percent and there has been a simultaneous growth in output value and a portion of the technological strength remaining idle. Although this kind of production of civilian articles has produced fairly good economic benefits, the price paid is sacrificing the storage volume of the originally high technological strength of the war industry enterprises. Besides, war industry enterprises' large scale entry into the realm of producing certain durable consumer goods makes the tendency all the more obvious of effecting similarity in the industrial structure. However, if the war industry enterprises wish to turn to the production of highly technical products, first, they will have to make the original enterprises go through technical transformation, which will require investments while the state's financial power is extremely limited; second, since the production period is rather long, many of the enterprises will have to face the problem of survival during the interval; and third, at present, the domestic market demand for many of the products is not at all large and it is difficult to produce them in volume. Hence, in order to solve the contradiction between market guidance, and technology guidance in the course of the war industry enterprises' opening up the production of civilian articles, it is necessary to correctly handle the relationship between market regulation and planned regulation. The state should start from the development strategy of the national economy as a whole, and carry out overall planning and make comprehensive arrangements.

(3) Support by state policy is the key to smoothly realizing the readjustment of the national defense industry.

Readjustment of the national defense industry requires state funds, but at the moment it is difficult for the state to provide a large amount of funds. What then should we rely upon? The answer is support from state policy and to smooth out the relations between the various sides, to arouse their enthusiasm, and thus to smoothly accomplish the readjustment tasks. Both the state and the local governments should adopt policies of providing preferred treatment. In our estimation, these policies should principally comprise the following 10 points:

1. Removal and change of locale. In the case of enterprises which have decided to change their place of operations, the state should provide them with adequate

moving expenses while the local governments, on accepting the enterprises moving to their domain, should give them suitable preference in land acquisition, household registration and so forth. When the state or the department in charge turns over to the localities loss-incurring enterprises which are nevertheless wholly suited for producing civilian articles, they should accompany the turnover with an adequate amount of "dowries", so to speak, and should not in any way act as if imposing a burden on the localities. The localities should accept the enterprises gracefully and enthusiastically and help the enterprises perform well the production work and to overcome the difficulties of the transitional period.

2. Setting up projects. Localities and the relevant industries and trades should give priority consideration to new civilian articles projects which have gone through scientific assessment and should give them the necessary support in funds, foreign exchange, raw materials and technology, or actively develop for them lateral economic combination to enable them to go into production as soon as possible so as to create more wealth for society sooner.

3. Funds. Regarding funds needed by the new projects, aside from and after the enterprises concerned have done their utmost to raise the funds by themselves, the state, the departments concerned and the localities should greatly help to make up any portion still lacking and give due consideration to interest rates when and if loans are needed. Since originally when the enterprises were engaged in producing military articles the amount of circulating funds required was relatively small, now the amount of circulating funds should be fixed anew in accordance with the production scale of the civilian articles. If necessary, conveniences should be provided if loans are needed. In the event that the original production and assembly lines for military articles have stopped production but still not been dismantled, the state should provide the necessary maintenance cost so as to keep the lines in good order.

4. Raw materials and energy. In the case of the civilian articles produced by the war industry enterprises having been again incorporated into the plans of the departments and localities, the departments and the localities should comprehensively solve the problem of the supply of the needed materials and energy. Regarding production of other civilian articles not incorporated into the plans, the materials departments and energy departments should still actively help the war industry enterprises to cultivate and open up the supply channels and offer the needed news, information and services.

5. Taxation. On civilian articles newly opened up by the enterprises, the state and local governments should grant tax exemption for a stated period but specify that the reduced or exempted portion should be employed on developing production.

6. Prices. Regarding new products for civilian use developed by the enterprises, the state, in addition to giving appropriate consideration on the prices of the allocated raw materials, should, during the trial marketing period of the new products, allow the enterprises to fix the prices themselves or to let industry and commerce cooperatively negotiate and fix the prices. Appropriate readjustment should likewise be made on the prices of military articles if the cost of production has increased due to the increase in the prices of the raw materials.

7. Foreign trade. It is necessary to expand the right of enterprises of the national defense industry to export civilian articles and allow them to enjoy the same kind of rights and privileges accorded to the coastal regions and even the special zones. In the case of national defense industry enterprises exporting military articles, the enterprises should be allowed to take part in the negotiations with the foreign merchants so as to enable the enterprises to display their role in the negotiations and to acquire an understanding of foreign economy, technology news and information. The ratio of the retention of foreign exchange earnings by the enterprises should be appropriately increased so as to encourage the enterprises to heighten their production enthusiasm.

8. Technical transformation. Regarding the big and important technical transformation projects in the civilian articles production of national defense industry enterprises in addition to the enterprises themselves tapping their own hidden potentials, the departments in charge should give the necessary aid in funds and technology. The banks likewise should grant the enterprises, for a fixed period, low-interest or interest-exempt loans.

9. Talented personnel. The state, departments in-charge and the localities should formulate concrete policies suited to the third line war industry, and solve, on the one hand, the problem of providing suitable arrangements for the aged, the middle-aged and the young and, on the other hand, the problem of a "successor being wanting." In the treatment of staff members, workers and technicians of war industry enterprises located in the third line hardship regions, appropriate subsidies should be given.

10. Social services. War industry enterprises in the big third line, particularly those located in remote or out-of-the-way areas, have a heavy social burden and this burden will become heavier as time passes. In addition, because in recent years society has imposed on the enterprises various kinds of levies and calls for contributions while peasants in nearby areas have all the time taken unfair advantage of the state (enterprises), the enterprises have constantly complained. Hence, the state and the local governments should formulate more rigid and strict statutes to protect the enterprises' legitimate rights and interests and do their best to reduce the various kinds of levies and impositions so as to reduce the social burden of the enterprises.

With the national defense industry in a difficult period, for the state and the local governments to grant the war industry enterprises certain preferential policies to ensure their completion of the readjustment tasks is not protecting the backward elements but constitutes a macroeconomic measure effecting the economy and is designed to put the strong points of the war industry enterprises into full play. We should treat this problem in a wider scope and with even greater farsight.

Reform of the National Defense Industry's Structure

The strategic readjustment and structure reform of the national defense industry are closely related to each other. Readjustment is for the purpose of creating for reform a relatively better material condition, while reform is for the purpose of ensuring readjustment to smoothly progress in the predetermined strategic direction. At present, reform of the war industry enterprises has fallen behind that of the local enterprises. In the next 2 years, in the large background of treating the environment in major points and consolidating general order, we should intensify the reform of the war industry enterprises to solve the various problems of antipathy between industries and trades, demarcation of departments and localities, closing one's self to the outside world, and the enterprises "eating from the same big pot" at the expense of the state, definitely strengthen the war industry enterprises' autonomous power in operation, and arouse the enthusiasm of the war industry enterprises and their staff members and workers.

The general target of the reform of the war industry enterprises' structure is to establish a national defense industry's structure which is suited to our country's national conditions. Concretely speaking, the structure should possess certain basic special features as follows:

1. It takes as guidance the theories of a planned commodity economy. The national defense industry must establish a mechanism which is suited to the commodity economy, such as price mechanism, competition mechanism, market mechanism, and so forth and join together and well microeconomic invigoration and macroeconomic control. Naturally, the national defense industry's production and circulation embrace special features different from the commodity production and circulation (such as a stronger planned character, production's imbalanced nature, and so forth). Hence, in management structure it is also different from other production and circulation departments.

2. It implements the guideline of "military-civilian union, peace-war union." Our country is a big socialist nation; its sea and land border lines are very long but its national defense industry is comparatively backward and the level of its economic development is rather low. Although another world war or an all-out attack on our country cannot happen for a very very long period, limited warfare may erupt at any moment. Therefore, the reform of the national defense industry structure

must implement the principle of "military-civilian union and peace-war union" and enforce the tactic of making the populace militarily conscious. War industry production must attain the objective of "building small set-ups but making high calibre products." The industry should never be confined to producing items of a single nature but must adopt the principle of military-civilian combination. Only by doing this can we ensure winning small and partial wars and at the same time abide by and serve the overall situation of construction of the national economy.

3. It implements the principle of opening up to both the inside and the outside. The new structure must help in introducing from abroad foreign capital, advanced technology and equipment, and be beneficial to developing foreign trade. It should display its important and promotional role in opening up the two markets, namely, domestic and external markets, and push the modernization construction of the armed forces.

4. War industry enterprises in name and in fact become economic entities which are autonomously run and are solely responsible for their own profits and losses, are relatively independent commodity producers and operators, and set up an operation mechanism suited to the commodity economy.

Based on the current national defense industry structure, to realize the above-mentioned pattern of the general objective, we must proceed in two steps (two stages). Here we shall suggest our certain initial propositions stressing the line of thought on structural reform in the readjustment period of the national defense industry.

During the readjustment period of the national defense industry (estimated to last until the final stage of the "Eighth 5-Year Plan" period), we should set up a transitional form of the management structure of the national defense industry. This transitional form must first be beneficial to ensuring the smooth completion of the readjustment and transformation tasks of the national defense industry and must also lay a good foundation for a structure of the national defense industry which is adaptable to our national conditions. Accordingly, we propose the following:

1. At present, the PLA General Staff Department, General Logistics Department, National Defense Scientific and Technological Commission and the State Council are managing several entities in the third line separately under the charge of the national defense industry. The separate entities should be combined into one unit and an organization should be set up to have general control of the national defense industry. This organization is under the dual leadership of the State Council and the Central Military Commission. It should primarily concentrate on studying the development strategy of the whole national defense industry, formulate the policies and guidelines for the longterm development plans and reform of the structure, coordinate the relations of the

various sides and take charge of macroeconomic guidance and supervision. For the present, as entrusted by the State Council and the Central Military Commission, it should first of all grasp well the readjustment work of the national defense industry. It should, on the basis of having gone through scientific discussions and assessment, use orders from the State Council and the Central Military Commission to speedily determine the existing three patterns of military-civilian combination of the national defense industry: pattern of military-civilian combination, with military as the main force; pattern of military-civilian combination, with civilian as the main force; and pattern with enterprises wholly producing articles for civilian use. It should rapidly determine the enterprises that will continue to be retained and those that will be assigned to the localities, reduce the scale of war industry production, and determinedly break the great war industry structure. For these purposes, it should formulate the policies and regulations to coordinate with the development of civilian articles and the downward assignment of enterprises, so as to ensure that these enterprises may smoothly shift over to production of civilian articles and transfer to the localities. Simultaneous steps should be taken with the reform of the local economic structure, and based on certain special features of the national defense industry to formulate concrete programs for the structural reform of the enterprises of the national defense industry and ensure their gradual shifting to the operational track of a planned commodity economy.

2. The various war industry departments of the State Council, based on the change of their functions and with the approval of the State Council, should form a corresponding general corporation with branch companies established in those provinces (cities) in which the national defense industry's work is more or less concentrated. The general corporation is an economic entity in which there is a union of the military and civilian, of industry and trade and of scientific research and production, which is independent and autonomous, and is solely responsible for its own profits and losses. It can be of two types: one takes the civilian as the center but also has the military in its embodiment; the other takes the military as the center and concurrently produces civilian articles. The branch companies are organs dispatched outward by the general corporation. During the readjustment period, the general corporation and the branch companies have the concurrent functions of an economic entity and an administrative organ. In the capacity of an economic entity they are responsible for the concrete affairs of production and operation of the business and do contracting work with the government (or through the departments); while, as administrative organs, they are responsible (entrusted by the department) with the readjustment work of the war industry enterprises inside the system. In performing the readjustment tasks of the war industry enterprises, the general corporation and the branch companies should abide by the relevant policies and regulations prescribed by the State Council and the Central Military Commission in

combination with the concrete conditions of the respective departments and make sure that the tasks can be completed within the prescribed time limit. After the general corporation and the branch companies have completed the readjustment tasks of the subordinate war industry enterprises, their administrative functions will be dissolved and they will become complete economic entities. At this juncture, their main tasks will be unifying the operation strategies, develop plans, and directly contract for the war industry's production and scientific research tasks endowed by the state.

3. Provinces (cities) of the third line should form national defense industry readjustment offices which are the transitional administrative organs of the province (or city) concerned and whose tasks are to coordinate with the war industry departments' general corporation and branch companies located in the province (city) concerned to complete, within the prescribed time period, the readjustment work of the national defense industry in the respective province (city). They should also abide by the relevant policies and regulations prescribed by the State Council and the Central Military Commission in combination with the concrete conditions of the respective province (city) and ensure the completion, within a fixed period, of the readjustment tasks. After the completion of these tasks, they will be abolished. The war industry production business problems of the readjustment period are not the concern of the national defense industry readjustment offices of the province (city) and the general corporation and branch companies should take up responsibility for handling these problems.

4. In the reform stage, whether the existing war industry enterprises should be retained or delegated to the localities should be gradually fixed. Those retained can be directly subordinate to the general corporation or the branch companies and become in name and in fact commodity producers and operators. Units using military articles and units producing military articles will be means of placing orders by contract establish the commodity economic relationships between them.

5. Lateral economic combination is to be developed. Backbone enterprises and well-known products should form the dragon head to gradually organize an enterprise group or an enterprise syndicate. The pattern of being large and comprehensive and small but comprehensive should be converted. The rational circulation and renewed composition of the various kinds of essential production elements should be facilitated. The innate organic liaison inside the war industry enterprises and liaison between them and the national economy should be strengthened.

6. Speed up the steps in opening up to the outside world, expand the power of large and medium-sized war industry enterprises and enterprise groups to develop an externally oriented economy, establish a number of products export bases using electrical machinery goods and military products as the dragon head, at the same

time vigorously import foreign capital and advanced technology, thus creating the conditions for establishing a national defense industry structure opening to the outside world.

7. Gradually convert war industry enterprises from producing only military articles to enterprises of a dual nature producing both military articles and civilian articles and available for both military and civilian uses, thus laying the initial foundation for macroeconomically establishing a unified military-civilian industrial structure.

Soldiers, Civilians Fighting Side by Side

HK1302002689 Beijing RENMIN RIBAO
in Chinese 4 Feb 89 p 4

[XINHUA report by correspondent Zhang Liwen (1728 4409 2429) and reporter Duan Jianxun (3008 1696 8113): "Soldiers and Civilians Fight Side by Side on the Laoshan Front Rendering Meritorious Services"]

[Text] Kunming, 3 Feb (XINHUA)—Soldiers and civilians on the Laoshan front have for 10 years fought side by side safeguarding and building up border defenses and making contributions toward the stability and prosperity of the Motherland's southern border.

Since the counterattack against Vietnam in self-defense, the governments at various levels in the Laoshan area have successively organized more than 20,000 militiamen and civilian workers related to public works as units subordinate to regular army units to fight and undertake such tasks as transporting materials, providing first aid for the injured, and so forth. Several tens of militiamen and civilian workers related to public projects have bravely sacrificed themselves in fighting. More than 1,700 groups and individuals have gloriously performed meritorious deeds. The area has also set up several tens of military supplies stations and production bases specially catering to military needs—guaranteeing an endless supply of goods to the frontline fighters in their everyday life. Relevant departments and units of the area have also widely launched intellectual activities in support of the front, providing frontline army units with cultural continuation classes, teacher training classes and cultural activity training classes for up to 100 terms and helping more than 420 people with examinations to enter military academies or institutes. Five thousand and six hundred fighters have been able to master one to three technical skills at the time of their leaving the army. Also, more than 1,270 people have become the backbone in enlivening cultural life on the front.

While giving an outstanding performance in carrying out the task of safeguarding border defenses, army units on the Laoshan front have successively put in 180,000 man days and more than 8,000 large-sized motor vehicles to help the area complete the building of 334 projects, including power stations, canals, high-tension transmission lines, agricultural products markets, sports grounds, and so forth. Border-defense fighters have built roads

and bridges enabling various border counties to have two to three main highways. Even the most remote mountain villages have cars passing through. Construction work on the Xiaohegou Hydropower Station of Malipo County with the largest installed capacity in the area suffered, because of the terrain. On hearing about this, the frontline army units immediately sent more than 600 officers and men and 50 large machines to render needed help. The commanders and fighters fought hard for one month running, removing several tens of thousands of cubic meters of earth and stone. A valuable contribution was made toward the preschedule completion and operation of the hydropower station.

Nuclear Power Station To Come on Line in 1990

OW1302110789 Beijing XINHUA in English
1055 GMT 13 Feb 89

[Text] Beijing, February 13 (XINHUA)—China's first nuclear power station will go into operation in 1990.

The Qinshan Nuclear Power Station in east China will have a first-phase capacity of 300,000 kilowatts.

Addressing a meeting here today, Jiang Xinxiong, general manager of the China National Nuclear Corporation (CNNC), said that the most difficult technical work in the completion of the station's first phase has now been finished.

Jiang also disclosed that preparatory work has begun on the project's second phase—the construction of a double - reactor nuclear power station with a capacity of 600,000 kilowatts.

Nuclear power is increasingly being seen as a solution to China's chronic energy and transportation shortages and pollution problems, he said.

Li Yingxiang, spokesman for CNNC, told XINHUA that the Qinshan Nuclear Power Station will mark the beginning of China's nuclear power industry.

Construction of a second nuclear power station with a capacity of 1.8 million kilowatts began in 1987 in Guangdong Province.

Jiang told the meeting that the success of the two projects will play an important role in the future development of nuclear power in China.

According to informed sources, China will also build a number of large-scale nuclear power stations in Liaoning, Jiangsu and Fujian Provinces and the City of Shanghai between 1991 and 1995.

China To Spend More on Basic Science Research

OW1302115789 Beijing XINHUA in English
0849 GMT 13 Feb 89

[Text] Beijing February 13 (XINHUA)—China will spend more money on basic scientific research this year, a senior official in charge of science and technology announced today.

Speaking at a national conference on basic and applied science which opened here today, Song Jian, state councilor and minister of the State Commission on Science and Technology, said basic research is fundamental to the advancement of scientific and technological knowledge.

"It is of vital importance to the social and economic development of the country," he added.

According to statistics provided by the commission, the state spent 800 million yuan on basic science projects in 1987—7.1 percent of the year's total scientific expenditure.

Song pointed out that the figure is lower than the amount spent on basic science by many other countries.

He said that the state is planning to gradually increase the amount spent on basic science from the present 7.1 percent to eight or nine percent by 1990, and to 10 percent by the year 2000.

The three-day national conference is expected to discuss the major tasks of China's basic scientific research and outline policies and measures for strengthening the field.

Attending the conference are 100 influential scientists, including 41 members of the Chinese Academy of Sciences, the directors of the academy's 16 principal institutes and the presidents of 18 leading universities.

Commentary Discusses Steady Economic Growth

HK1302084989 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0901 GMT 10 Feb 89

[Commentary: "China's Economy Is Moving Ahead Steadily"]

[Text] Hong Kong, 10 Feb (ZHONGGUO TONGXUN SHE)—Speaking at a Chinese Lunar New Year party in Beijing, Premier Li Peng pointed out: "We must properly integrate three things together, namely, stability, reform, and development; carry out reforms steadily and strive for a steady economic development according to actual conditions and by promoting what is beneficial and abolishing what is harmful." This explicitly shows that China's economy will be based on a "steady growth" this year.

China achieved much in its economic development in 1988 and its GNP and the national income all increased by more than 11 percent. Nevertheless, 1988 witnessed

an even worse imbalance between supply and demand, a 80 billion yuan difference between the supply of goods and the purchasing power, more serious incoordination of the production structure, overcooled agriculture, overheated industry, too fast development of the processing industry, slackened pace in the development of energy and transport industries, market fluctuations, soaring prices, and economic chaos in the field of distribution. To put it in a nutshell, all these can be described as "chaotic." "Chaos" means instability and imbalance and it also means that we are unable to develop the economy in a planned way and in proportion. For this reason, this year China must follow a principle of eliminating chaos and maintaining stability, carrying out reform in a steady manner, and making steady progress in its economic development.

Last September the Third Plenary Session of the 13th CPC Central Committee put forth the 8-Chinese character principle—improvement, rectification, readjustment, and reform. The essence of the principle is based on seeking steady economy growth.

To achieve it, first it is essential to strengthen agriculture and establish the concept of "without agriculture there is no stability." It has been reported that China's area sown with grain crops will be increased to 1.66 billion mu and the purchasing prices of grain raised by 18 percent. Meanwhile, there will be a rise in the output of chemical fertilizer, farm chemicals and plastic sheeting for agricultural use and total loans for agricultural production will be increased to 100 billion yuan. Provided there are no very serious national calamities this year, there will surely be an increase in agricultural production.

To maintain stability, China has decided to suspend or defer more than 10,000 investment projects of different types, curbing an investment of over 30 billion yuan. Investment has been put under control but contradiction between supply and demand have yet to be eased, and in particular, the strain in energy supply remains a prominent problem. This year there will be a much more serious short supply of power and coal and many factories are compelled to stop operation for three days each week. It seems more efforts should be made to develop the energy industry and readjust the production structure.

To maintain stability, it is necessary to properly arrange the market and keep down prices. Thanks to the efforts of different departments concerned, the market situation during the Spring Festival is considered good, with abundant supply of goods and no big rise in prices. Following the Spring Festival, there will be a temporary shortage. Will there be natural disasters this spring? Can we tide over disasters if they arise? We must wait and see.

There is a Chinese proverb saying: "More haste, less speed." China must go ahead steadily and strike sure blows and must make a stand at every step in its economic development.

Reform Journal Views Regulation, Control Issues
HK1102031889 Beijing ZHONGGUO JINGJI
TIZHI GAIGE in Chinese No 1, 23 Jan 89 p 20

["Forum" article: "Study New Ways of Regulation and Control, Prevent Reviving the Old Setup"]

[Text] The 3d Plenary Session of the 13th CPC Central Committee decided that enterprise reforms cannot be slowed down during the process of improving the economic environment and rectifying the economic order; the main issues in these reforms are, as before, to perfect the contracted management responsibility system and improve internal management.

To set up a new order of regulation and control and find new ways and measures of macroeconomic regulation and control during the process of improvement and rectification constitute both a service for improvement and rectification and an aspect of reform. The problems that have now arisen in the economy are mainly problems in macroeconomic regulation and control. China's current situation is as follows: A variety of economic components; commodity economy; decisionmaking powers in the enterprises; and invigoration of the enterprises. Under such conditions macroeconomic management is very weak. This time, centering on improvement and rectification, we must study new ways and measures of regulation and control and also study how to prevent a revival of the old setup.

China is now in the process of making the transition from the old setup to the new. Broadly speaking, there are two main properties of the new methods being adopted in improvement and rectification: The first, which comes under the category of new ways of regulation and control, means establishing the contents of a new order which should stimulate work in this respect; the second is that measures such as stepping up administrative action have to be applied even though these are not new ways of regulation and control. This is because two different systems are coexisting at present and consequently certain old measures cannot but be applied. As for legal measures, these will play a permanent role. Old ways and measures can be applied but they must be appropriate, and we must have clear heads and definite aims. We should regard such measures as indispensable but temporary. The new ways of regulation and control are also not without administrative methods, but economic and legal methods predominate. It is essential to use certain old methods but this must be done in an appropriate fashion, and we cannot always advance along this track.

In establishing a new mechanism by which "the state regulates the market and the market guides the enterprises" we must study the issues of establishing and developing a market under regulation and control. The market we speak of is not a blind one but a market under regulation and control. That is, first, there must be a market and in the case of many products we cannot

adopt the methods of monopoly, internal allocation, and exclusive business; second, the market must be one under regulation and control, as is the case in South Korea, Taiwan Province, Singapore, and so on. We must currently study this question with regard to certain major commodities in China, such as grain, raw materials, and so on. China's foreign exchange regulatory market has these characteristics: It is derestricted and also subject to state regulation and control. By controlling the money supply and imports and exports, we can succeed in having the state regulate and control the foreign exchange market; the banks and the foreign exchange control bureaus can provide guidance but they cannot abolish the foreign exchange regulatory market. We absolutely cannot pursue a method of "either having total derestriction or stifling things to death." This is the guideline laid down by the third plenary session and we should step up studies in this respect. We cannot adopt the method of freezing prices but it is essential to strengthen controls over derestricted prices, and certain large and medium-sized cities are fully capable of doing this. We do not mean that a freeze should immediately follow intervention and that all prices should then be fixed by the state. In short, we should study new methods and study the question of how to establish a market under the guidance of state regulation and control.

Sacrifices Urged To Curb Inflation

HK1402100189 Beijing JINGJI RIBAO in Chinese
1 Feb 89 p 2

[Article by Yan Kalin (7051 0595 2651): "Prices Rise? Prices Fall? The Key Is Whether We Are Willing To Make Certain Sacrifices"]

[Text] Recently, the momentum of price hikes in our country has been obviously weakened. It is expected that price rises will further decline. However, prices can easily rise but cannot easily fall. The course of curbing price hikes will not be smooth. A major problem at present is that some localities are not willing to make certain sacrifices for this purpose.

It seems to some people that it is not too difficult to bring prices under control. However, the price hikes in our country are not only ascribable to the deep-rooted factors of inflation and overheated economic activities, but also related to complicated interest relations. For some localities and enterprises, lowering prices means that they will have to sacrifice certain local and partial benefits. It is hard for them to handle this issue properly.

When prices are rising, local finances will gain more or less benefit; but when prices are forced down, local revenue will be adversely affected. According to the calculations of one province, for every 1 percentage point fall in the price index, local revenue will decrease by 300 million yuan. That is to say, the price index will be forced down at the expense of local finances.

Price hikes may also be a means of increasing enterprise profits. According to statistics, about 70 percent of the additional profits made by many enterprises in 1988 came from price hikes.

The increase in local revenue and enterprise profits merely represents the immediate interests of some localities and enterprises. Some measures taken by the state to fundamentally control price hikes, such as suspending construction projects, reducing credit, and lowering the growth rate, will affect the long-term interests of some localities and enterprises. Curbing inflation is the key to the current economic readjustment and rectification. The State Council has pointed out that it is necessary to ensure that this year, prices rise by a margin obviously smaller than last year's. It is vitally important for us to realize this target. We believe that most localities and enterprises can give priority to the overall interests of the country and place their partial interests in a secondary position, but some localities are not willing to make partial sacrifices and treat the central policy decisions in a perfunctory way.

Reportedly, quite a few provinces and municipalities have still set their planned industrial growth rate at a level higher than the 4 to 5 percent prescribed by the state plan. A certain province in east China has even set a planned growth rate as high as 12 to 15 percent.

So far, investment in capital construction has not been effectively controlled. Only 10,000 or so out of the 200,000 projects under construction have been suspended.

The work of reducing and tightening credit has also encountered a great deal of resistance. Some localities, trying to protect their local interests, have only tightened credit for a very small number of enterprises, and continue to offer credit to most local enterprises. They simply evade the responsibility for financing some large backbone enterprises and commercial institutions engaged in purchasing agricultural products and try to pass the buck to the state.

International experience and domestic practice all show that the measures of suspending construction projects, tightening credit, lowering the growth rate, closing down some enterprises, and laying off some workers will help cool down the overheated economic atmosphere. To curb inflation, such tough regulatory measures must be taken. In fact, this is the price we must pay.

However, if we are still reluctant to change the overheated economic condition and to make certain sacrifices, inflation will inevitably become more intense and will cause us heavier losses. Our country experienced this 30 years ago. In view of the overheated economic conditions and serious inflation caused by the "Great Leap Forward" in 1958, the state authorities decided in April 1959 to reduce capital investment by 40 percent, to lay off 10 million workers, and to freeze wages and promotions. However, these measures were abandoned because

of the heavy burdens. The readjustment was delayed until 1961 and 1962, and the state and the people had to bear a much heavier cost. Capital investment was reduced from 38.87 billion yuan to 7.13 billion yuan; industrial production decreased by 48.5 percent over the 2-year period; 44,000 factories and enterprises were closed down; and more than 20 million workers were laid off and sent back to the countryside.

Premier Li Peng warned at a recent conference that it is never easy to solve the problem of inflation; to achieve this purpose, we will have to make great efforts and even necessary sacrifices.

According to the plan worked out in Zhongnanhai, the industrial growth rate in 1989 will be lowered by nearly 10 percentage points; investment in fixed assets in all areas of society will be reduced by nearly 100 billion yuan; and some enterprises which produce poor-quality or oversupplied products, or which are heavy consumers of raw materials and energy, will be closed down or shifted to the production of other products. In addition, a number of workers, especially those in rural areas, will be laid off.

Only by cutting down on construction projects and lowering the speed of growth can we effectively control price hikes and eventually open a path for sustained and steady development of the national economy. This represents the overall and fundamental interests of the whole country.

For this purpose, all localities and institutions should be ready to sacrifice their partial interests. On the other hand, it is also necessary to change the situation in which "localities retain the advantages and the state shoulders the responsibilities" in the matter of prices. Localities should also be subject to necessary supervision, and should especially bear economic responsibility for the implementation of the policies for controlling prices. For example, when monthly economic indicators of various provinces are published, the price indexes should also be included. The price indexes can even be linked with local revenues. That is, local revenues can be increased correspondingly if the local price index decreases, thus creating a certain incentive for the localities to control prices.

Inflation-Agriculture Link Viewed

OW110204489 Beijing GUANGMING RIBAO
in Chinese 4 Feb 89 p 3

[Article by Xiong Jianyong (3574 1696 0516), Wang Xinqian (3769 2450 0467) and Guo Xiaoming (6753 0879 7686): "A Brief Analysis of the Harm Inflation Has Done to Agriculture"]

[Text] It is impossible in China to try to use inflation to stimulate economic development. This is not only because inflation will cause the economic environment

to become worse and disturb the economic order. It is more due to the fact that it will harm the development of agriculture, which is the foundation of the economy.

Inflation Hinders the Implementation of the Strategy of Price Reform for Agricultural Products

Commenting on the increasingly aggravating inflation situation in recent years, some comrades believe that inflation is caused by the growing rise in the prices of farm products. Actually, the opposite is true. It is precisely because of inflation and its worsening situation that it has become difficult to implement the strategy of price reform for agricultural products. Consequently, the development of reform as a whole in the rural areas has become stagnant and is suffering from fluctuations.

The reform in the past 10 years has always been connected with the price reform of farm products. During the first phase of the reform, the price reform of farm products was carried out with certain results anticipated. Since the second phase of the reform, however, the price reform of farm products has not brought the expected results. In spite of the major step taken during the reform's second phase to reform the system of planned purchasing and marketing by the state and to establish the "double track system," the worsening macroeconomic environment in recent years has caused the narrowing scissors gap in prices between industrial and agricultural products to grow bigger once again. The prices of farm products, with grain as the principal product, have once again plunged to the bottom of the abyss. Agriculture and the peasants have not found the motivating force nor the profits from price increases to continue developing agriculture. It is precisely for this reason that people have more and more clearly realized that, without reforming the "double track system" and establishing—on the basis of opening up the channel between urban and rural areas—the mechanism for farm products' prices to become compatible with the operations of the rural market, it will be difficult to extricate ourselves from the situation in which there is a supply shortage of farm products and agricultural production is stagnant and suffering from fluctuations. Without effectively solving the problem of the price distortion of farm products, it is difficult to create an investment mechanism advantageous to agriculture. Therefore, to continue to readjust and reform the prices of farm products as well as their price mechanism is a strategic step to deepen the reform in the rural areas.

Because the available land is limited and the growing population represents a lasting demand on farm products, in China the growth rate of labor productivity in agriculture is falling far behind the growth rate of labor productivity in industry. It will thus be an inevitable trend for the supply of farm products to fall short of the demand and the farm products' price rise will be unavoidable no matter what reform steps are taken. It is obvious that the price reform of farm products will inevitably have a certain effect on the rise of the overall

price level. However, this is not inflation, nor is it a decisive factor causing inflation. On the contrary, it is precisely because inflation has caused the overall price level to increase that the benefits of the price reform of farm products we used to enjoy have diminished with each passing day. At the same time, it is difficult to work out new reform measures. This is because, fundamentally speaking, the price reform of farm products still represents a structural adjustment.

The existence and the worsening of inflation have caused the price of the means of production outside of the plan to rise rapidly. The price increase is at a particularly high rate in the case of the agricultural means of production. The price rise of the agricultural means of production has cancelled out around 70 percent of the portion of increased income gained by the peasants. Meanwhile, uncontrolled credit has enabled the village and town enterprises to develop at an ultrahigh speed, thereby enlarging the income gap between agricultural and nonagricultural workers. This has pushed up both the work force's labor cost and the opportunity cost, which in turn has caused the cost and price of farm products to increase. Moreover, due to the increase in monetary issue, demand for farm products is growing more and more brisk among the urban residents. Pressed by such strong demands, the price of farm products has to increase continuously.

Inflation Has Landed Agriculture in the Predicament of a Keen Shortage of Capital

A prerequisite for an effective inflation policy is a decrease in demand. In China, the opposite is the case. Our demands are too high. What inflation has done is neither increase the supply nor improve the demand, causing only an even keener shortage in the capital for agriculture.

Let us first take a look at the supply of capital. Because of the swelling investments in capital construction and consumption funds in recent years, the percentage of state investment in agricultural capital construction has dropped from 10.5 percent in the Fifth 5-Year Plan to 5.5 percent in 1987. Under the circumstances of inflation and limited by the characteristics of natural reproduction and economic reproduction in the agricultural sector, the peasants are not in a position to make a stable income forecast. They are not only unwilling to invest in the land but also reluctant to save. Rather, they are inclined to invest in nonagricultural undertakings that will bring relatively higher profits, thereby causing the breakaway of large amounts of capital from agriculture. Moreover, they are inclined to spend money for consumer products.

Now let us look at the demand for capital. That agriculture faces a shortage of capital, to a considerable degree, is because inflation has resulted from excessive demand, which has widened the gap between agriculture's demand for capital and the demand of nonagricultural

industries. In other words, the noneffective demand for capital by nonagricultural industries increases greatly, while the effective demand for capital by agriculture becomes inadequate in contrast. In rural areas, for example, rural enterprises, which constitute the main body of nonagricultural industries there, are a new industry emerging from the double track economic structure. Such enterprise owe their very existence and development to credit and loans and operate with a large stack of debts. Under inflation, rural enterprises, instead of building upon their own economic effectiveness and relying on their inner strength to expand themselves, seek to expand externally by rashly setting up establishments and undertaking new projects, thus increasing their noneffective demand for capital.

Each incidence of inflation is followed by a monetary squeeze, which more often than not causes a sudden shortage of production funds for agriculture, upsets the regular demand for capital by agriculture in its natural reproduction process, and triggers a sharp drain on currency reserves in rural banks and credit cooperatives. Facing a currency shortage, the agricultural means of production have a hard time being turned over to producers. Likewise, agricultural products encounter difficulties entering circulation channels.

Inflation Hampers the Readjustment of the Industrial-Agricultural Structure and Urban-Rural Relations

Inflation intensifies the contrasts in the double track economic structure. The second phase rural reform is aimed at altering to a greater degree the pattern of agriculture supplying accumulated funds to industry, which has been going on in China for the past 30 years and more and which subdues the contrasts in the double track economy. However, the ever worsening inflation situation only further deters the ideal from becoming reality. From 1963 to 1965 the output value growth ratio between industry and agriculture in China was 1.5:1; in the 1980-1984 period, it became 1.6:1; and in 1985-1987, it widened to 4.8:1. Inflation sustains the rapid growth of industry, yet the growth of agriculture is limited. Under such a situation, China's industrial structure inevitably will further tilt in favor of industry, its industrial-agricultural structure will further twist, and the contrasts in the double track economic structure will further intensify.

Inflation aggravates the urban-rural profit distribution relations. The imbalance in the urban-rural distribution relations in China results from the fact that the primary distribution of industry and agriculture is conducted on an unequal basis. The purpose of agricultural product price reform is to try to establish the distribution relations between urban and rural areas on a equally developed market basis, and to alter the primary distribution mechanism between urban and rural areas. However, when the prices of agricultural and sideline products appreciate due to a large market readjustment, commodity price subsidies

for urban residents are increased as a result. Thus, the inclination in favor of farmers in urban-rural primary distribution is offset by the redistribution.

Inflation hinders the rural market mechanism. In China agricultural products are, to a great extent, affected by the market situation. As the market currently is far from perfect, it can hardly influence the allocation of resources or set off rational competition. Under inflation, as different industries and products react differently to the pricing mechanism, resources are easily misallocated and the imbalance of the industrial structure is aggravated. As a result, the pricing of major agricultural products such as grains is relaxing but not totally deregulated, while deregulated agricultural products face radical fluctuations in supply and demand. On the other hand, while it is still a sellers' market, although one with an imperfect competitive mechanism, inflation not only subdues competition pressure and results in farmers not making any efforts to improve the quality of agricultural products, but also aggravates the chaos in the market. In other words, hoarding, monopoly, and regional blockades will prevail in rural areas, preventing the formation of a unified market and affecting the normal development of the rural commodity economy.

Changes in Industrial Mix Reported

HK1402093189 Beijing RENMIN RIBAO in Chinese
5 Feb 89 p 1

[Report by Zhang Guorong (1728 0948 2837): "Data Provided by the State Statistical Bureau Shows Further Tilting in Three Aspects of China's Industrial Mix"—first three paragraphs are RENMIN RIBAO introduction]

[Text] Beijing, 4 Feb—Results of our industrial development in 1988 show that with the sustained growth of industrial production at a high pace, there has again been new development of the following trends: The mix of ownership systems in our industrial production is tilting toward nonownership by the whole people. The area mix is tilting toward the eastern coastal area. The industrial mix is tilting toward investment-type products and high-grade consumer goods.

Data provided by the State Statistical Bureau shows that in 1988, total output value of industries owned by the whole people reached 776.9 billion yuan, an increase of 12.7 percent over the preceding year and constituting 8.5 percent of overall industrial growth. Total output value of collectively owned industries outside the system of ownership by the whole people (including town-operated industries) and industries of other economic types reached 436.6 billion yuan, an increase of 27.9 percent and contributing 9.2 percent toward overall industrial growth. The latter industries are becoming an important force in our industrial growth. Among them, output value of town-operated industries reached 170.7 billion yuan, an increase of 35 percent. Newly added output value reached 44.2 billion yuan, accounting for 24.2 percent of newly added overall industrial output value.

At the end of 1988, the new pattern of industries of various economic types was as follows: Industries owned by the whole people accounted for 64 percent of all industries, a decrease of 2.9 percent compared with the preceding year, or a decrease of 14.1 percent compared with 78.1 percent in 1982. Collectively owned industries accounted for 32.6 percent of all industries, an increase of 2 percent over the preceding year, or an increase of 10.6 percent compared with 1982. Among them, town-operated industries accounted for 14.1 percent of the total, with a sharp rise from 6.3 percent in 1982.

Last year, total industrial output value at the town level and above in the eastern coastal area reached 752.2 billion yuan, an increase of 19.3 percent over the preceding year. Newly added output value reached 121.7 billion yuan, accounting for two-thirds of newly added national output value. This presents an important force, with an effect on accelerated national industrial growth. The five provinces of Shandong, Jiangsu, Zhejiang, Fujian, and Guangdong in particular have in the past few years shown a greatly accelerated increase in industrial growth. There was an increase of 25.8 percent in 1988 over the preceding year. Newly added output value accounted for about one-half of newly added national output value. There was a contribution of 8.4 percent toward overall industrial growth. What is worth noting is that industries owned by the whole people in these five provinces showed a growth of only 16.5 percent in 1988. On the other hand, collectively owned industries registered a growth of 30.1 percent. Newly added output value accounted for 46.6 percent of the newly added output value of these five provinces, with 26.7 percent accounted for by town-operated industries.

In 1988, total industrial output value in the central area reached 313.9 billion yuan, an increase of 14.5 percent over the preceding year. Total industrial output value in the western area was 147.4 billion yuan, an increase of 16.7 percent over the preceding year. Industrial growth in the central and western areas clearly fell behind that in the eastern area, causing the industrial area mix to show an accelerated tilt toward the east. In the 6 years from 1982 to 1988, the percentage accounted for by total industrial output value in the eastern area rose from 59.8 percent to 62 percent. The percentage accounted for by the central area decreased from 27.6 percent to 25.9 percent. The percentage accounted for by the western area dropped from 12.6 percent to 12.1 percent. The area mix again generally reverted to the 1965 level.

In 1988, given the pull of strong investment and consumption demand, the industrial production mix was guided by an irrational demand mix. The processing industry continued to grow at too rapid a pace. The growth of machinery, electronics, communications, and transportation equipment, and other products of the productive and investment types and products of the consumer type ranged between 20 and 40 percent. But given the restraints of resources, transportation conditions, reduced agricultural production, and so forth,

extraction industries, raw materials industries, and light and textile industries with agricultural and nonstaple products as their raw materials showed inadequate growth. Total energy production registered an increase of only 4.8 percent. Silk, sugar, and other products of light industries showed a drop in production. Some products also registered a slowdown in growth, with increased contradictions in market supply.

In 1988, of all industries, processing industries accounted for 43.9 percent, an increase of 5.8 percent compared with 38.1 percent in 1982. The too-rapid growth of processing industries has brought an obvious tilting of the industrial mix toward processing.

The irrational development of the industrial mix is a result of too-rapid development in the past few years. Many experts consider that such an operating environment does not help the implementation of the strategy of coastal development. It especially does not help toward long-term stability in our industrial production and an increase in economic results.

Some Raw Materials Projects Suspended, Deferred
HK1302050489 Beijing ZHONGGUO XINWEN
SHE in Chinese 0424 GMT 11 Feb 89

[Report: "The State Raw Materials Investment Company for the First Time Decides To Suspend or Defer a Certain Number of Projects"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 11 Feb (ZHONGGUO XINWEN SHE)—It was officially announced that the State Raw Materials Investment Company has suspended or canceled 22 projects. The announcement was made following the first check of its 279 capital construction projects under construction. This indicates that the state does not "protect" all projects of the raw materials industry.

The raw materials industry has been taken as a weak link in China's national economy needing vigorous development. Fixed assets investment projects in this field are, therefore, thought to be automatically protected.

Following an initial check, the State Raw Materials Investment Company has found that the economic returns of some projects under construction will not be satisfactory and recovery of investment cannot be ensured, that some projects' production processes are not up to standard and have to be changed and this will directly affect returns on investment as well as recovery of investment, and that construction of some key projects has been turned into construction of office buildings, large halls, and guesthouses. The company thus pointed out that even the raw materials industry should also be developed on the principle of achieving good returns on investment and with the concept of business. In accordance with the relevant policies and regulations released by the State Council, the company has finally decided to suspend and defer a certain number of its projects.

State-Owned Enterprises' Losses Increased in 1988
HK1302025889 Beijing ZHONGGUO XINWEN
SHE in Chinese 0357 GMT 11 Feb 89

[Report: "China Will Make Every Effort To Reduce Losses of State-Owned Enterprises"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 11 Feb (ZHONGGUO XINWEN SHE)—Losses incurred in state-owned industrial and transport enterprises included in the state budget increased in 1988 by more than 20 percent over the previous year. The State Planning Commission and the Ministry of Finance specially issued a joint circular calling for changing this situation, urging the industrial and transport enterprises lighten their losses by 25 percent in 1989.

The circular also points out: Enterprises which are proved incapable of protecting against losses can be amalgamated or auctioned in the market and the amalgamation among state-owned enterprises or between state-owned and collective enterprises should be in principle based on transfer with compensation. Meanwhile, enterprises which grieve over losses and are on the brink of bankruptcy but cannot be amalgamated or auctioned should be firmly declared insolvent according to the "Bankruptcy Law".

The circular also calls on enterprises with deficits to achieve better economic results by increasing their output, improving the quality of their products, cheapening depreciation costs, reducing waste, and cutting down on all kinds of spending, and not to shift their losses onto consumers.

Meanwhile, the circular urges financial departments at all various levels to stop giving subsidies to any losses newly incurred and losses absorbed over and above the prescribed quotas.

Upgrading Renews Anshan Iron, Steel Company
OW1202125289 Beijing XINHUA in English
0924 GMT 12 Feb 89

[Text] Shenyang, February 12 (XINHUA)—Technical upgrading in the last decade has helped renew China's largest iron and steel firm—the Anshan Iron and Steel Company in northeast China.

The company is capable of producing several million tons of iron, eight million tons of steel and five million tons of rolled steel a year, said a spokesman for the company.

In the last decade, the company has spent three billion yuan on technical upgrading, with 222 renovation projects completed and 842 research achievements made.

As an old enterprise built in 1916, its technical upgrading needed great efforts, the spokesman said.

To ensure that the company has ability to revamp itself, the state extended preferential policies to the company in 1981, allowing it to keep a larger part of its profits.

Meanwhile, the company also raised funds for its renovation through different channels such as bank loans, compensation trade, cooperation with other enterprises, and issuing bonds.

In renewing its outdated equipment, the company has tried its best to make use of suitable advanced technology while continuing production.

In the last decade, the company has produced a total of 70 million tons of steel, 60 percent of the accumulated total in the previous 30 years. In the period it also handed in to the state 14 billion yuan in profits and taxes, the spokesman said.

Now the company accounts for nearly one-seventh of the country's total steel output, and provides a great variety of rolled steel for the state.

Waste Materials Recycling Proves Advantageous
OW1302115189 Beijing XINHUA in English
0907 GMT 13 Feb 89

[Text] Beijing, February 13 (XINHUA)—China collected eight billion yuan worth of waste materials in 1988, a 57 percent increase over the previous year's figure, "ECONOMIC DAILY" reports today.

Waste collection centers across China have recovered a total of 6.9 million tons of waste iron and steel, an 8 percent increase over the previous year's figure, 231,000 tons of nonferrous metals, a 30 percent increase, and 2.42 million tons of papermaking materials, a 9 percent increase, the paper reports.

Statistics from 11 major cities, including Beijing, Tianjin and Shanghai, show that they manufactured a total of 226 million yuan worth of products from materials recovered from waste.

The products include 12,580 ounces of gold, 35,228 kilograms of silver, 225 kilograms of platinum and 2,480 tons of plastics.

Locomotive Production Growth Viewed
HK1302025089 Beijing CHINA DAILY
(BUSINESS WEEKLY) in English 13 Feb 89 pp 1, 2

[By staff reporter Qian Hong]

[Text] Locomotive production has swung onto the fast line to help ease the pressures on the country's rapidly expanding railways.

Last year, 842 were produced according to Liu Guangjun, a spokesman for the China National Railway Locomotive and Rolling Stock Industry Corporation under the Ministry of Railways. Liu said that of the total output, 443 were diesels, 171 electric and 228 steam powered.

Ranking as the second country in the world after the Soviet Union in terms of annual output, China is now able to produce on average one diesel locomotive every 11 hours and electric ones every 29.

With a total output to date of over 15,500 locomotives, the industry has grown at an annual rate of 15 percent in electric production and 10 percent in diesel over the past few years.

According to Liu, this year the corporation will stop producing steam locomotives for the railways and put all its efforts into producing diesel and electric locomotives.

Output of steam locomotives has been falling steadily. Last year the production of diesel and electric locomotives topped 70 percent of the total for the first time. Also they hauled over 60 percent of the country's 50,000 kilometres of rail track.

But steam locomotives will continue in use for a long time as the country is rich in coal reserves and diesel oil and electricity are in short supply. There is also a lack of funds to expand the electrified lines.

At present, steam locomotives are mainly used in Northeast China and mostly in Heilongjiang Province, in the coal mines and in some large factories.

Liu told BUSINESS WEEKLY that because of their greater power, speed, low air pollution and less energy consumption, the corporation had made great efforts to develop the production of diesel and electric locomotives. The Dalian Locomotive and Rolling Stock Works, the birthplace of China's first steam locomotive in Liaoning Province, has co-operated with Britain and the United States to improve the old model of Dongfeng diesel locomotive and develop the Dongfeng 4D.

The new model equipped with the most advanced electronic control technology meets international standards, Liu said.

At present, there are 12 manufacturers making spare parts for diesel locomotives.

The country's only electric locomotive plant in Zhuzhou, Hunan Province, delivered the last of the Shaoshan No 1 class locomotive at the end of last year.

This symbolized that the electric locomotive industry had entered a new stage, Liu said. He added that the factory will manufacture 163 locomotives of the Shaoshan No 3 and 20 of the Shaoshan No 4 classes this year.

Shaoshan No 3 has a power of 4,800 kilowatts with a top speed of 120 kilometres per hour, 500 kilowatts and 30 kilometres per hour respectively more than the Shaoshan No 1.

Shaoshan No 4 can run 100 kilometres per hour with a traction power of 6,400 kilowatts and is up to the standards of French and Soviet products.

According to Huang Zhihe, general manager of the corporation, China has developed cooperation in producing locomotives with nine foreign countries including the United States, Britain and France and introduced over 20 items to help upgrade productivity in its seven plants.

The industry is still having to import equipment but is hoping to gradually reduce this reliance in further development.

Zhou Jiannan Interviewed on Export of Goods
HK1402091989 Beijing RENMIN RIBAO in Chinese
4 Feb 89 p 2

[Article by Yi Hui (1707 6540) and Pi Shuyi (4122 2885 5030): "Make Unremitting Efforts To Increase Export of Mechanical and Electrical Products—Comrade Zhou Jiannan on Exploring Foreign Markets for Mechanical and Electrical Products"]

[Text] China's export of mechanical and electrical products has already grown pretty rapidly for 3 consecutive years since 1986. Statistics from the customs office show that this category of exports totaled \$1,680 million in 1985, \$2,480 million in 1986, \$3,854 million in 1987, and 6,200 million in 1988. So the 1988 export volume was 3.7 times as much as that for 1985. Meanwhile, the proportion of the export volume of mechanical and electrical products to the country's total export volume also rose from 6.1 percent in 1985 to 13 percent in 1988.

The export volume of mechanical and electrical products is usually the barometer of a country's industrial technological standards and its foreign trade structure. How can China maintain the momentum of growth in its export of mechanical and electrical products? To find an answer to this question, we interviewed, on 31 January, Comrade Zhou Jiannan, who has long been engaged in research in the macroeconomic management of the production of mechanical and electrical goods.

Comrade Zhou Jiannan had worked in the field of technical research and management of the machine-building industry. He had held the posts of vice minister of No 1 machine-building industries, vice minister of the State Import-Export Commission, and minister of machine-building industry. Now, entrusted by the State Council, he is in charge of the export of mechanical and electrical products.

We walked through a quiet courtyard and entered the simple and neat reception room of Comrade Zhou Jiannan's house. He accorded us a warm welcome. He told us that last year not only the export volume of mechanical and electrical products increased fairly quickly but there were also substantial changes in the product mix and the market distribution. Exports of technology-intensive products have increased quite rapidly, and the growth in exports to North American and West European markets have been higher than the growth in exports to other markets. A large number of large-sized enterprises, such as Wanbao Electrical Appliance Group Corporation, Shenzhen Saige Electronic Industry Group, Tianjin Telecommunications and Broadcasting Equipment Company, Dalian Shipyards, No 2 Automobile Manufacturing Plant, and Shenyang No 3 Machine Tool Works, have given full play to their roles as backbone enterprises in the field of export trade and have managed to market their products abroad. Progress has also been made in overseas investment through exports of technology and equipment and in the development of various forms of trade, such as processing with supplied material, drawings, and samples, and assembly with supplied parts.

Comrade Zhou Jiannan briefly summed up the contributing factors for the rapid growth in export of mechanical and electrical goods in four points, namely, correct decisions, strong policies, appropriate measures, and proper implementation. The State Council has made a strategic decision that mechanical and electrical products should be listed as a major export item and full support should be given to the production of these goods, while the departments concerned and local authorities have also drawn up a series of policies to promote exports of mechanical and electrical products and to give full play to the initiative of enterprises producing exported goods and dealing in foreign trade. Meanwhile, the State Council has set up an office in charge of exports of mechanical and electrical products, and the departments concerned and local authorities have also taken action to strengthen exports of this category of goods. Comrade Zhou Jiannan said: In the past few years, due to the development of the new technological revolution and the appreciation of some foreign currencies, the world economic structure has undergone a readjustment, and this has offered an opportunity for expansion of China's export of mechanical and electrical products.

As an economic, technological, and foreign trade expert, Zhou Jiannan has a clear picture of the situation in China's export of mechanical and electrical products. He holds that China's export trade of mechanical and electrical goods is still at its primary stage as the country's export volume of mechanical and electrical products accounts for only 1 percent of the world's total export volume of this category of goods; some Chinese mechanical and electrical products are of inferior quality, prompt delivery is not assured, and after-sale maintenance service is poor; the policies laid down by the state to encourage the export of mechanical and electrical

goods have not been strictly implemented, which has dampened the initiative of exporters; the export system has not been straightened out yet, the implementation of the agency system has been pretty slow, and the industrial and trade sectors have not been well coordinated; little progress has been made in the efforts to explore the international market, and therefore it is hard to expand the export trade.

The expansion of export of mechanical and electrical goods is a must to expedite technological progress in the mechanical and electrical appliance industry and even in the whole industrial sector, to optimize the composition of exported commodities, to increase the country's foreign exchange earning ability, and to further open up the country to the outside world. Without taking part in international competition and taking up the challenge in the international market, China's mechanical and electrical goods industry will never be able to win a place in the world. And, if we fail to make substantial progress in the export of mechanical and electrical goods, the development of China's foreign trade will be obstructed. This is Comrade Zhou Jiannan's view on the strategic significance of the expansion of export of mechanical and electrical products. To make unremitting efforts to expand export of mechanical and electrical products, we need to further enhance our understanding of the importance of this task, he said.

In the wake of the readjustment of the economic structure and the reduction of the scale of capital construction, the domestic demand for mechanical and electrical equipment will decrease by several ten billion Yuan. Comrade Zhou Jiannan said this would not only be a serious challenge but also a chance for the mechanical and electrical appliance industry. The mechanical and electrical appliance industry should actively readjust its product mix and try to explore the international market. We must make some basic preparations in a down-to-earth manner, namely, strengthening our production system for export goods, increasing the production of better and more marketable products, implementing the policies encouraging export of mechanical and electrical goods, straightening out our export structure, and improving the contract system for export, so as to bring exporters' initiative into play.

Not long ago Comrade Zhou Jiannan visited West Europe to study the market of mechanical and electrical goods there and the possibility of exploring the international market as well. He particularly emphasized the importance of exploring the international market. We not only need good products but also some marketing channels and media. Only when foreign customers have trust in us will we be able to enter the international market. Our export trade enterprises must adopt an international market-oriented concept, be geared to the need of this market, and attach primary importance to market demand with regard to production and management. They should uphold the principle of customers and reputation first, follow international common practices, ensure reliable quality of goods,

make sure their products are marketable and are delivered in good time, and render good service. All these are important means of competition in addition to competitive prices. A low-price policy alone does not work, and we must learn to properly use the above-mentioned means. Otherwise we will be defeated in competition. Reputation cannot be built with money. All contracts signed with foreign businessmen must be fulfilled. After-sale service is essential for building up reputation. We must ensure that our technical team will arrive as soon as the goods are delivered. Whenever a large quantity of products are delivered, our equipment installation and technical service personnel should immediately rush to the scene to ensure that the delivered equipment will operate normally.

At present, we have a problem in promoting commodities on the international market because there are often several companies competing with each other in promoting the same commodity without coordination between them. This practice has caused disorder in export trade, enabled others to take advantage, or even caused foreign businessmen to be unsure about what to do and thus lose their confidence in marketing Chinese commodities. What can we do to change this situation? Comrade Zhou Jiannan made three suggestions: First, it is necessary to establish groups of companies to deal in export trade. The existing foreign trade companies and their subsidiaries throughout the countries which have introduced the independent accounting system to assume full responsibility for profits and losses may join to form specialized export conglomerates on a voluntary basis and thus build up some major reliable export channels. Second, it is necessary to give full play to the advantages of all foreign trade and industrial-trading companies and appropriately define their scopes of business. Third, it is necessary to give full play to the role of associations of importers and exporters of mechanical and electrical products as the coordinators.

The integration of industry and trade is a form of export that has been developing quite rapidly in recent years. Comrade Zhou Jiannan said: It is necessary to encourage the industrial and trading sectors to cooperate in exploring the international market. Now there are three types of industrial-trading relations: Foreign trade enterprises invest in productive enterprises and thus keep some sources of goods under their control; some groups of industrial enterprises and large-sized enterprises which are authorized to deal in foreign trade have set up their own foreign trade marketing departments to export their own products; and foreign trade enterprises and productive enterprises have developed some kind of contractual relations between them by the means of purchase of enterprises, appointment of agents, and joint management. No matter what form their relations assume, all enterprises should observe the principle of equality and mutual benefit and maintain a kind of mutually dependent, long-term partnership.

Despite his advanced age of 70 years, Comrade Zhou Jiannan was in high spirits throughout the whole interview which lasted one and a half hours. To conclude the

interview he noted: It is necessary to draw up a medium- and long-term development plan so that we can explore overseas markets in a planned way with the focus placed on certain fields and can build up a complete structure consisting of key products, key export enterprises, and key markets.

Further Limits Stated for Foreign Debts

HK1402014689 Beijing CHINA DAILY
in English 14 Feb 89 p 2

[By staff reporter Liu Hong]

[Text] Further limits are to be put on the growth of the nation's foreign debts and the spending of foreign exchange is to be kept down this year.

At the same time, ample foreign-exchange investment in the priority sectors of the nation's economy will be guaranteed, said Tang Gengrao, director of the State Administration of Foreign Exchange Control.

He was speaking at the administration's annual conference which opened in Beijing yesterday.

It was told that the administration faces three challenges in seeking to fulfill its plans:

The first stems from the huge demand for credit in foreign exchanges, arising from the overheated economy.

The second is that the nation's foreign exchange income is expected to fall as exports of petroleum and coal, major earners of foreign exchange, will be cut down this year. At the same time, imports of grain and fertilizer will have to be increased.

The third comes from the sharp competition in the international market, increasing trade protectionism, and the frequent fluctuations of major international hard currencies. China uses U.S. dollars for the final settlement in all its foreign trade.

A three-pronged measure has been put forward to cope with the challenges.

This includes prohibiting borrowings from any commercial banks abroad or from China's financial establishments located overseas unless the borrower gains permission from the central bank.

Statistics show that a total of \$35 billion in foreign debts were built up during the latter part of 1988. During the year, the volume of foreign debt went up by 24 percent, the growth over-shooting foreign exchange income.

But in spite of this, Tang pointed out that the annual payment on foreign debts plus interest still fell below the danger line level of 20 percent of foreign exchange income.

The Chinese State Council has recently issued an announcement on details governing borrowing from commercial banks abroad:

- Encouraging foreign-exchange investment in such priority lines as agriculture, communication, transportation, energy, export-oriented production, and supply of raw materials and allowing no spending of foreign exchange importing luxuries or equipment and production lines available on the domestic market.
- Further developing foreign exchange trading centres but keeping a close supervision to guarantee the foreign exchange traded from the centres to be used for the nation's priority projects.

Export Firm Selling Products Abroad Directly

HK1302024689 Beijing CHINA DAILY
in English 13 Feb 89 p 2

[By staff reporter Zhou Hongqi]

[Text] The China Export Bases Development Corporation started selling some of its own products abroad directly last year.

Formerly, it had simply supplied other firms with goods to export.

Vice-President Zou Yun'er said the corporation had exceeded by almost 70 percent the quota for direct exports set by the Ministry of Foreign Economic Relations and Trade (MOFERT).

But he refused to reveal the exact cash figure set by MOFERT for the corporation to fulfil.

Commenting on the corporation's move toward direct exporting, he said, "This shows the corporation has great potential to develop its exports in order to earn foreign exchange."

He said the corporations' production of export goods would be boosted as a result of direct exporting.

The corporation was set up eight years ago to supply other firms throughout the country with goods for export and this is still where its major business lies.

Zou said that last year it supplied export goods worth 1.5 billion yuan (\$403 million) to professional import and export corporations around the country.

It is involved in production of agricultural and industrial goods as well as food processing and has five companies directly under its control and 33 branches across the country.

It has also established six overseas branches and offices in Hong Kong, the United States and West Germany.

It has invested more than 400 million yuan (nearly \$108 million) in the construction of some 400 farms and factories in China, around 60 of which are sino-foreign joint ventures.

Zou said these bases all produce export goods.

When it was first established, Zou said, the corporation was designed solely to produce goods for export.

"But now, it has become an export-oriented economic entity engaged in production, foreign trade and financial business," he said.

The corporation has registered assets of 150 million yuan (more than \$40 million) and an abundant supply of export goods, he added.

Restrictions Imposed on Export of Metal Products

HK1202015689 Hong Kong WEN WEI PO
in Chinese 11 Feb 89 p 26

[Report: "Application Must First be Made to the Materials Ministry for Exporting 12 Commodities in Short Supply"]

[Text] According to news disclosed by a relevant department, the Ministry of Foreign Economic Relations and Trade has recently decided to ban exports of six categories of metal products including copper and its alloys, aluminium and its alloys, platinum, yellow phosphorous, nickel alloys, and nickel products commencing 1 January this year. The export licenses for these commodities already issued will be permitted to remain in effect up until 28 February, after which time they will become void.

According to domestic supply and demand, the Ministry of Foreign Economic Relations and Trade has also defined polypropylene, chromium, molybdenum, metallic magnesium, metallic manganese, ABC resin, polystyrene, methylbenzene, xylene, ferrochrome, ferromanganese, and rubber as commodities in short supply. To export these commodities, the units concerned should apply to the Materials Ministry and upon approval apply to relevant departments for export licenses.

Commentator Urges Promoting Cotton Production

HK1402081189 Beijing JINGJI RIBAO
in Chinese 1 Feb 89 p 1

[Commentator's article: Promote Promptly This Year's Cotton Production"]

[Text] Cotton consumption has increased by a big margin in our country in recent years due to people's improved living standards, the developed textile industry, and expanded export trade, but cotton production has been stagnated for many years running. This has led to a situation of demand exceeding supply. A survey indicates that a decline is expected in this year's cotton production. It is therefore imperative to make efforts to

strive for a certain increase in cotton production. This has become a glorious but arduous task for the large numbers of cadres and the masses in the cotton-producing areas this year.

To stabilize and develop cotton production, the State Council has decided to appropriately raise the purchase prices of cotton in 1989, while all localities have allocated funds for cotton production. The decision was made after consideration had been given to whether the state treasury, the industry, and consumers are able to withstand the strain while the country is improving its economic environment and rectifying its economic order. Cotton growers must try their best to strive for a harvest in accordance with the state plan. Governments at various levels in the cotton-producing areas must put cotton production at the top of their agenda. It must be realized that failure to boost cotton production will check an increase in the efficient supply of textiles, slow the immense momentum gained in the export of textiles, restrain the import of materials needed in the domestic market, and affect the lives of the people, and will not help curb inflation.

The principles for this year's cotton production are to appropriately increase cotton-sown areas, make efforts to increase output, and strive to fulfill the task of state

purchase by order. To accomplish this, the acreage under cotton throughout the country should not be less than 85 million mu by keeping it stable in the south and increasing it in the north. Hebei, Shandong, Henan, and Xinjiang must increase their areas sown with cotton in an effort to quicken the pace in cotton production and strive to overfulfill the quotas for state purchase by order, while Hubei and Jiangsu must try to attain self-sufficiency and try to make greater contributions.

By 10 January, the amount of cotton purchased under the 1988 plan had reached 3.348 million tons, accounting for 76 percent of the annual plan and constituting an 8 percent drop over the same period last year. The departments concerned estimate that there are still several hundred thousand tons of cotton in the hands of cotton growers. Local authorities must do well from start to finish in the purchase of cotton and try to purchase all cotton available in the hands of cotton growers. Credit cooperatives and banks must do their utmost to supply sufficient funds for cotton purchase, pay off all outstanding amounts for the purchase of cotton from farmers on credit, and honor all fixed deposits on time so that cotton growers will be able to buy the capital goods and daily necessities they need.

East Region

Lu Rongjing Stresses Education at Anhui Meeting

OW1202135389 Hefei ANHUI RIBAO in Chinese
2 Jan 89 p 1

[Text] Speaking at a recent forum on developing the rural economy, Lu Rongjing, provincial party committee secretary and governor, called for vigorous efforts to integrate agriculture with science and education. He said it is necessary to give full scope to the important role of education and science so that they will better serve economic construction in rural areas.

Lu Rongjing said: So far, we have witnessed no fundamental changes in the backwardness of education and science in the rural areas. Education, science, and technology are seriously dissociated from agriculture, and talented people and technologies are seriously distanced from agricultural work. We must vigorously promote the integration of agriculture, science, and education so as to combine forces in these fields for a joint effort to run schools, train skilled workers, build agricultural bases, promote production and processing industries, and speed up the development of the rural economy.

Lu Rongjing said: We must do the following to integrate agriculture with education and science: 1) Firmly act in line with the guiding principles that education and science and technology must be geared to the needs of the rural economy; the rural economy must rely on education and science and technology; and primary and secondary education must really focus on training a large number of qualified, talented people whose service will be of practical use. 2) Train talented people in various ways, through various channels, and at various levels. 3) Set a definite goal and accelerate the planning to attain it. It is hoped that after a few years of effort, the structure of various categories of educational institutions in the province will achieve reasonable balance and the training of various kinds of talented people will basically meet the needs of developing the commodity economy in rural areas. 4) Beginning with the provincial party committee and provincial government, party and government leaders at all levels must get personally involved in this work; strengthen their organization, coordination, and leadership work; and promote the integration of agriculture, science, and education as an important strategic measure by including it in their agenda of major items.

Lu Rongjing said: It is imperative to proceed from reality in the rural areas in order to promote the integration of agriculture, science, and education. The criteria we use to assess the success or failure of a vocational school should be more than simply the number of graduates it produces. Whether it can help the peasants in the surrounding areas to develop production and break free from poverty is more important. He said: Once agriculture is integrated with science and education, talented people produced by schools will be able to find the place to put their skills to good use and the productive forces

we need to develop the economy will exist. The peasants will have real profits to gain once the productive forces are developed. This is doing one thing to achieve gains in three respects. In addition, difficulties and problems in finding teachers, capital, places, and textbooks needed to run vocational schools will be solved when agriculture, science and education are integrated and the strong points of these sectors are pooled.

The provincial government has decided to appoint the three vice governors in charge of agriculture, science and technology, and education to form a coordination group to strengthen leadership over this work, so as to promote the integration of agriculture, science, and education.

Lu Rongjing Visits Anhui Cadres, Peasants

OW1302021889 Hefei Anhui Provincial Service
in Mandarin 1100 GMT 10 Feb 89

[Excerpts] Lu Rongjing, secretary of the Anhui Provincial CPC Committee and governor of Anhui Province, successively visited and extended his Spring Festival greetings to grass-roots cadres and peasants in (Yaohe) village of Yuexi County and (Chaoan) village of Changfeng County on 7 and 8 February. Lu Rongjing discussed with village cadres the ways to strengthen primary party organizations in rural areas and develop the commodity economy. [passage omitted]

Village cadres told him that some villagers are still living a hard life, and it is still necessary to pay attention to grain production in the next several years. Lu Rongjing said with emotion: To help poor people become affluent, it is important for party members and cadres to use their minds and offer a good service.

Lu Rongjing pointed out: It will not do to develop rural economy if water resources are not developed. Water resources will not be developed if leading cadres do not attach importance to them. Persistent efforts year after year are bound to yield good results. [passage omitted]

Chen Guangyi Addresses Fujian Writers, Artists

OW1202095389 Fuzhou FUJIAN RIBAO in Chinese
30 Jan 89 p 1

[Excerpt] It was cold and rainy last night, but it was warm inside the second story conference hall of Fuzhou's Huaqiao Hotel, where the spring-like atmosphere was permeated with the fragrance of narcissus and resounded with singing and laughter. A gathering of people from Fujian's literature and art circles was held here under the joint auspices of the Propaganda Department of the provincial CPC Committee and the provincial Federation of Literature and Art Circles. Nearly 400 people from the literature and art circles attended the meeting. Leading provincial comrades Chen Guangyi, Jia Qinglin, Hu Hong, Zhang Kehui, Yuan Qitong, He Shaochuan, Lin Kaiqin, Huang Ming, Wen Xiushan, Zhang Yumin, Chen Mingyi, and Lu Haoran, and old comrades

Wei Jinshui, Wu Hongxiang, Jia Jiumin, Xu Huoqing, Zeng Ming, and Lu Tao joined the writers and artists for a happy and relaxed evening.

The get-together was presided over by He Shaochuan, member of the Standing Committee and director of the Propaganda Department of the provincial party committee. Wan Liyun, chairman of the provincial Federation of Literature and Art Circles, spoke at the opening. Chen Guangyi, secretary of the provincial party committee, delivered a speech.

Chen Guangyi said: In the past year, because of our efforts to conscientiously implement the guidelines of the 13th CPC National Congress and the 3d Plenary Session of the 13th CPC Central Committee and to persist in the reform and the opening up policy, we have made gratifying achievements in construction in the political, economic, and social arenas and also witnessed a flourishing of cultural undertakings with fruitful results. In the new year, we should continue to adhere to the principle of "paying attention to both aspects." On the one hand, we should pay attention to the need to improve the economic environment and rectify the economic order, deepen the reform, develop the socialist commodity economy, implement the strategy for economic development in the coastal areas, maintain a sustained and stable growth of the national economy, and promote the development of the productive forces. On the other hand, we should also pay attention to our work in the political and ideological fields in order to promote the building of an honest government, the building of spiritual civilization, and the building of the party, making sure that every task we do will be better than we did last year.

Chen Guangyi said: The cause of literature and art constitutes a major component of the entire cause of socialism. The party and people need to see literature and art play its positive role to the full in stimulating the spirit of the people and strengthening the determination of the people of the whole province to strive for the common goal of realizing the four modernizations and invigorating the Chinese nation. Literature and art should play a positive role in adhering to the party's basic line, creating a political environment of stability and unity, fostering patriotism and the spirit of working hard for the prosperity of the country, strengthening the will of the whole nation to implement reforms, and improving the cultural quality of the whole nation. At the same time, literature and art should satisfy the spiritual needs of the people for their cultural life at various levels and in different aspects and create a civilized, healthy, democratic and harmonious social environment for implementing the reform and opening up policy. Chen Guangyi said: Writers and artists are closely bound up in destiny with the party and people and share weal and woe with the party and people. The cause of literature and art is closely linked to the cause of the party. Therefore, our pursuits should be in keeping with the invigoration of the whole nation and progress of

the society. He hoped that writers and artists will be fully aware of the fact that it is an arduous task to fulfill their historical mission and social responsibility and also realize that it is an honor to shoulder such an important responsibility. Therefore, it is hoped that they will make further efforts to plunge into the thick of life, broaden their vision, get into touch with the reality of the reform, and understand people's wishes so as to create still more good works reflecting the new era and make contributions to promote both the material and the spiritual civilizations.

In conclusion, Chen Guangyi called on party committees at all levels to do more for the prosperity of the cause of literature and art. The party committees should continue to seriously implement the policy of "letting a hundred flowers blossom and a hundred schools of thought contend" and the party's various other policies on literature and art work, show more concern about and pay greater attention to literature and art work, fully respect the labor done by writers and artists, fully respect the law governing artistic work, fully understand the needs of writers and artists, listen to what they have to say and want, help them solve problems in their work, and create various favorable conditions for the prosperity of the cause of literature and art.

Before performances began, Zhang Xianhua, secretary of the Secretariat of the provincial Federation of Literature and Art Circles, introduced the principal representatives of the literature and art circles one by one to Chen Guangyi and the other leading comrades, who shook hands with each of them. [passage omitted]

Chen, Other Fujian Leaders at Award Ceremony
OW1202053889 Fuzhou FUJIAN RIBAO in Chinese
30 Jan 89 p 1

[By Ye Rulong and Tian Minghua]

[Text] The Fujian Provincial Armed Police Corps held a ceremony to award police ranks to officers in Fuzhou on the afternoon of 29 January.

The ceremony was presided over by Huang Songlu, director of the provincial Public Security Department and concurrently first political commissar of the Armed Police Corps. He Fengtao, deputy director of the provincial Public Security Department, read an order of the Ministry of Public Security and the Armed Police Headquarters conferring the ranks of Fujian armed police lieutenant colonel and major colonel, as well as an order of the Fujian Provincial Public Security Department, the Fujian Provincial Armed Police Corps, the Border Defense Corps, and the Fire Prevention Corps conferring the ranks of captain, lieutenant, and second lieutenant.

To the accompaniment of the song "The People's Army Is Forever Loyal to the Party," party, government, and Army leaders Major Generals Chen Guangyi, Jia Qinglin, Hu Hong, Lin Kaiqin, Xiao Jian, Su Peichang, Gao

Hu, Chen Shuqing, and Wang Guozhong presented an order signed by Li Peng, premier of the State Council, and Deng Xiaoping, chairman of the Central Military Commission, conferring the ranks of senior colonel and colonel to Comrades Hong Shaohu, commander of the Armed Police Corps; Wang Jingpu, its political commissar; Lin Shengfa, its deputy commander; Huang Honghui, director of its logistics department; Zheng Huazhe, commander of the Border Defense Corps; Sun Jiaping, commander of the Fire Prevention Corps; Li Shenghu, director of the Police Guard Section; Liu Songpu, chief of staff of the Armed Police Corps; and Zheng Shunde, director of its political department.

On behalf of the provincial party committee, the provincial Advisory Commission, the provincial People's Congress Standing Committee, the provincial government, and the provincial CPPCC Committee, Qia Jinglin extended warm congratulations to the police officers on receiving their ranks. He said: The large numbers of officers and soldiers of the provincial Armed Police Corps have worked hard at their posts and performed duties day and night during the past 5 years or so since its establishment, ensuring social stability for the smooth progress of Fujian's reform, opening up to the outside world, and economic construction. Conferring these ranks will definitely enhance the sense of honor and responsibility among all armed police officers and soldiers, and inspire their revolutionary heroism to dedicate themselves to the cause of the armed police and live up to the expectations of the Armed Police Corps and the country.

Wang Guozhong, director of the Logistics Department of the Armed Police Headquarters, had made a special trip to Fujian; he also spoke at the award ceremony.

Ceremonies to confer other ranks on armed police officers and soldiers will be held in various places in Fujian on 30 and 31 January. All armed police units will wear the unified insignia beginning 1 February.

Fujian Secretary Inspects Pinghai Township
*OW1202133289 Fuzhou Fujian Provincial Service
in Mandarin 1100 GMT 10 Feb 89*

[By reporter Lin Zaizhang]

[Text] During the Spring Festival holiday, Chen Guangyi, secretary of the Fujian Provincial CPC Committee, in the company of Putian City leaders, made a special inspection trip to Pinghai township, a province-designated poor township situated on the coastal area of Putian, and paid a new year call to the residents there, wishing them a Happy New Year.

After being briefed on how Pinghai township had eliminated poverty in 3 years, Comrade Chen Guangyi affirmed the township's achievements in its efforts to help the poor in the past few years.

Comrade Chen Guangyi indicated that the supportive policies in connection with Pinghai township will not change for the next 2 years. He urged the township to continue on its way to prosperity. Comrade Chen Guangyi commended Pinghai township for spending 2 years to build a shelterbelt and expressed the hope that the project will be continued.

As Pinghai has a large population living in a limited space, Comrade Chen Guangyi suggested that the township export its abundant labor and raise funds to set up businesses and run welfare programs.

A high-spirited Comrade Chen Guangyi also spent some time at some local residents' houses to chat with them, inquiring about their living conditions, asking if they have enough food to eat, how they enjoy the Spring Festival, etc.

Before departing, Comrade Chen Guangyi had pictures taken with the local residents and encouraged them to get rich as soon as possible.

That afternoon, Comrade Chen Guangyi held talks with Putian City's senior teachers.

Fujian Leaders Meet Scientists, Technicians
*OW1102025689 Fuzhou FUJIAN RIBAO in Chinese
28 Jan 89 p 1*

[Text] The Ministry of Personnel recently conferred the title of 1988 outstanding middle-aged or young expert on 10 scientists and technicians in our province. They are Liu Zhongzhu, director of the provincial Agricultural Science Institute; Cai Junde, researcher of the Xiamen Agricultural Science Institute; Lin Chuanbi, senior engineer of the Fuzhou Insecticide Institute; Xie Huaan, assistant researcher of the Sanming Agricultural Science Institute; Zhu Yaoguang and Wang Fangcan, assistant researchers of the provincial Aquiculture Institute; Professor Liu Yuye and Associate Professor Xu Guocong of Fuzhou University; Professor Wu Songgang of Fujian Teacher's University; and Zhang Jianguo, director of the Fujian Forestry Institute. The wages of these experts were also raised by two grades as a reward.

Yesterday afternoon, leading comrades Wang Zhaoguo, Jia Qinglin, Hu Hong, He Shaochuan, Wen Xiushan, Chen Mingyi, and Ni Songmao met these 10 experts and held talks with them.

The experts told the leading provincial comrades about their work and made many suggestions on how to deepen the reform of the science and technology management system, how to promote agricultural and forestry development based on science and technology, and how to solve problems in the livelihood of scientific and technological personnel. During the discussion, the provincial leading comrades also exchanged their opinions.

At the meeting, Comrade Ni Songmao warmly encouraged the 10 experts. Comrade Jia Qinglin, on behalf of the provincial CPC committee and the provincial government, expressed his sincere congratulations to them. He said: The implementation of the policy of improving the economic environment and rectifying the economic order in the next 2 years provides an excellent opportunity for the development of scientific and technological undertakings. Scientific and technological personnel must seize this opportunity and boost their morale and overcome difficulties so as to make new contributions to the development of scientific and technological undertakings in our province in the new year. He urged relevant departments to create good working conditions for scientific and technological personnel and support the development of scientific and technological undertakings.

Comrade Chen Mingyi presided over today's meeting. Also attending the talks were responsible comrades of the organization department of the provincial party committee, the provincial scientific personnel bureau, the personnel bureau, and the science commission.

Fujian Province Increases Exports in 1988
OW1102062989 Fuzhou Fujian Provincial Service
in Mandarin 1100 GMT 6 Feb 89

[Text] The total export value of foreign trade achieved by our province exceeded \$1 billion to reach more than \$1.3 billion in 1988, up 53 percent over the previous year.

During the past year, our province reformed the operational system of foreign trade by adopting a new foreign trade system under which enterprises are assigned two-stage contract responsibilities and under which different departments and regions are required to guarantee fulfillment of assigned tasks. As a result, a new structure of export business operations with multiple levels began to take shape. Foreign trade companies doing export business were generally set up in all localities. The source of supply of foreign exchange-generating goods multiplied.

The supply of 10 categories of export products, including shoes, clothes, jewelry, building materials, and [words indistinct], was increased to a large extent in the last year. Among them, the total export value of jewelry alone reached \$90 million.

In the meantime, preferential policies were implemented for the enterprises with foreign investment and the Xiamen Special Economic Zone. They were granted the freedom to regulate their foreign exchange generated from foreign trade and exports. As a result, the enthusiasm of the enterprises for exporting more products and generating more foreign exchange was aroused. The Xiamen Special Economic Zone achieved a total export volume of more than \$330 million by itself last year, 350 percent more than that achieved in the previous year.

Fujian Issues New Land Use Control Regulations
OW1202154289 Fuzhou Fujian Provincial Service
in Mandarin 1100 GMT 9 Feb 89

[Text] The Fujian Provincial Land Administration Bureau recently issued a circular to put a stop to the unauthorized use of farm land for other purposes and misuse of land, and to step up land management. The circular said that, beginning 1 April this year, a system of displaying land use permits at construction sites will be implemented for all state construction projects; township, town, and village construction projects; and private housing projects.

The circular said: After a construction site has been approved by the respective people's governments at various levels, the local land administration bureau will issue a permit for the use of the construction site, which must be displayed at the site at all times, for inspection by the land and law enforcement departments and the people at their convenience. After a construction or private housing project has been completed and passed its acceptance inspection by the state, the permit to use the construction site will be revoked and a land use certificate issued instead. Permits for the use of construction sites will be printed only by the provincial Land Administration Bureau. Cases where the permits are not displayed or the land being used exceeds the limit designated by the permits, will be handled as violations of law or regulation.

Jiangxi Leaders on Reform, Construction Tasks
OW1202094389 Nanchang JIANGXI RIBAO
in Chinese 28 Jan 89 p 1

[By reporter Zhang Zhi (1728 1807)]

[Text] The Jiangxi Provincial CPC Committee held a meeting of prefectural and city party committee secretaries in Nanchang from 25 to 27 January to study the minutes of the meeting of the Secretariat of the CPC Central Committee on making the party and state organizations untainted and upright; to review the work in Jiangxi during 1988; and to determine how to further implement, in close connection with the actual conditions in the province, the guidelines laid down by the 3d Plenary Session of the 13th CPC Central Committee, how to strengthen the party's leadership over the work of reform and construction, how to impose stringent demands on party members, how to make the party and state organizations untainted and upright, and how to ensure the fulfillment of various tasks in 1989.

More than 60 people attended the meeting, including Standing Committee members of the provincial CPC Committee; the chairman, vice chairmen, and Standing Committee members of the provincial Advisory Commission; secretaries and deputy secretaries of the provincial Discipline Inspection Commission; the responsible persons of the party group of the provincial People's Congress Standing Committee, the party group of the

provincial CPPCC Committee, and the party committee of the provincial military district; secretaries of the various prefectural and city party committees; the principal responsible comrades of the departments under the provincial party committee; the responsible comrades of the various public security, procuratorate, and judicial departments under the provincial government; and the responsible comrades of the major news media units in the province and some of the news media organizations at the central level stationed in Jiangxi. Also attending the session were Bai Dongcai, member of the Central Advisory Commission, and veteran cadre Fu Yutian. The session was presided over by Wu Guanzheng, Liu Fangren, and Jiang Zhuping.

When the session began, Comrade Liu Fangren, entrusted by the Standing Committee of the provincial CPC Committee, delivered a speech. Reviewing the work in the past year, he pointed out: During 1988, we closely followed the guidelines laid down by the 13th national party congress and by the 3d Plenary Session of the 13th CPC Central Committee; emphasized the central task of economic development and the two basic points, namely, adherence to the four cardinal principles and implementation of reform and the opening up policy; let reform play a dominant role in doing overall work; strengthened party building; and developed socialist material civilization and spiritual civilization. We basically fulfilled all the targets set at the beginning of the year; witnessed new changes in the political, economic, and social life; and scored remarkable achievements. The past year was a year in which our thinking was further liberated, our reform was further deepened, our productivity was further developed, and our party building and the development of spiritual civilization were further strengthened. These four "further's" marked progress. They are also our future targets at which we must aim in order to lay a foundation for fulfilling our future tasks. This is the special feature of our work in the past year.

In reviewing the work in the past year, Liu Fangren emphatically pointed out: During 1989, we must persistently regard the party's basic line and the principles laid down by the 3d Plenary Session of the 13th CPC Central Committee as our guidance; resolutely implement the policy of improving the economic environment, rectifying the economic order, and deepening our reform; and develop our economy in the course of making readjustments. We must impose stringent demands on party members, strengthen party building, and ensure that our government remains clean and honest. We must take comprehensive measures to consolidate and develop the political situation of stability and unity, and score new victories in carrying out reforms and construction and developing various other undertakings.

With regard to this year's tasks, Liu Fangren stressed the following five points:

1. Efforts must be made to ensure the implementation of the policy of improving the economic environment,

rectifying the economic order, and deepening the reform, and to bring about steady economic growth in the course of making readjustments.

2. Comprehensive measures must be made to keep the party and state organizations clean and honest.

3. Efforts must be made to educate people on the current situation and tasks, maintain public order, and safeguard and develop the political situation of stability and unity.

4. Efforts must be made to strengthen party building and further enhance the party's fighting power.

5. Efforts must be made to strengthen and improve party leadership and increase our capability to solve contradictions and let reform play a dominant role in doing overall work.

Liu Fangren said: The party Central Committee has time and again stressed that we must remain firm in carrying out reform, opening up to the outside world, and invigorating our economy, and that we must also remain unflinching in keeping ourselves clean and honest and combating corruption. Recently, the Secretariat of the CPC Central Committee made arrangements to make party and state organizations untainted and upright. It regards this issue as extremely important in ensuring the socialist orientation and the fulfillment of our tasks in carrying out reform and opening up to the outside world. In this connection, we must take this matter seriously and ensure that party and government organizations are clean and honest. The party committees at all levels throughout the province must employ legal, administrative, disciplinary, and educational means to ensure that all party and state organizations remain clean and honest. They must carry out the following tasks:

1. Efforts must be made to continuously and persistently carry out in-depth education among the party members and cadres in party and state organizations to give widespread publicity to the importance of remaining honest and clean. Right now, concentrated efforts must be made to organize and study the guidelines laid down by the 13th national party congress and the 3d Plenary Session of the 13th CPC Central Committee, as well as the minutes of the recent meeting of the Secretariat of the CPC Central Committee, to help party and state organizations raise their awareness about remaining honest and clean, and to further strengthen their consciousness in combating corruption.

2. Right now, concentrated efforts must be made to handle serious criminal cases involving bribery and corruption, and to resolutely guard against and correct the tendency to not seriously punish criminals.

3. Efforts must be made to improve the system. Various units at all levels must earnestly sum up their experiences; draw lessons from various cases; study and work

out a clear-cut and specific work system and the system of checks and approval; close all loopholes; and ensure that rules and regulations are followed and affairs are handled fairly and justly.

4. Matters should be handled publicly. Work in this connection may start from law enforcement, supervisory, administrative, and public service departments that directly deal with the masses, from matters about which the masses are most concerned and about which they complain the most, and from issues that are fairly easy to tackle. Such work should then gradually extend to other areas, and improvements should be made at the same time.

5. Efforts must be made to strengthen supervision, including inner party supervision, administrative supervision, legal supervision, democratic supervision, supervision by the grass-roots units and the masses, and news media supervision. It is essential to set up more good examples in remaining clean and honest and combating corruption so as to help the broad masses of cadres and people increase their confidence.

Warm discussions were carried out at the session. The central topics were how to impose stringent demands on party members and how to keep party and state organizations clean and honest. Those who participated in the session vied with one another to air their views in close connection with the actual conditions. They summed up their achievements. They talked about their shortcomings, exchanged their experiences, suggested measures, and put forward proposals. A democratic atmosphere and spirit of seeking truth from facts prevailed at the session. They who attended the session held that it was necessary for the provincial party committee to convene a session in which they could talk about issues in doing party work this year, because these issues are of great significance in ensuring the fulfillment of the policy of improving the economic environment, rectifying the economic order, and deepening the reform. This session reflects the guideline included in the directive issued by the CPC Central Committee on developing a socialist commodity economy while paying full attention to work in the ideological and political field.

Comrade Wu Guanzheng delivered a speech at the end of the session. He first dwelled upon the issues of understanding the situation and unifying ideas. He pointed out: In order to carry out education about the current situation and to unify the people's ideas, party members, particularly those who are leading cadres, should have a correct, unified, and clear understanding about several basic issues. The first issue is that achievements in carrying out reform during the past decade have been tremendous. The second issue is that the difficulties and problems which we are faced with right now are problems arising in the course of our progress and difficulties that crop up in the course of our developments. The third issue is that we must clearly understand that our party is entirely capable of mobilizing and organizing the broad masses of people to overcome the

temporary difficulties in their economic life and of relying its own strength to combat corruption in the society with the support of the people. Particularly since the 3d Plenary Session of the 13th CPC Central Committee, the whole party has attached great importance to solving the problems existing at present. It has adopted a series of correct and effective measures, and has attained good results. The fourth issue is that we must fully realize the arduous and complex nature of the reform program. Comrade Wu Guanzheng hoped that various localities and units would vigorously carry out education inside and outside the party, from state and government organizations to various enterprises and from the rural areas to the urban districts, in order to analyze the current situation and tasks and to tackle the aforementioned basic issues. He also hoped that various localities and units would regard economic construction as the core; firmly adhere to the four cardinal principles; strengthen their concepts on reform and the opening up policy, on the productive forces, and on the development of a commodity economy; let these concepts strike deep roots in the people's minds; and unify the ideas of the people on the basis of the line of the 13th national party congress.

On the question of purifying the government, Wu Guanzheng pointed out: In purifying the government, we must first help party members and cadres to realize the significant meaning in remaining clean and honest. We must carry out vivid education on purifying the government and help the broad masses of party members and cadres establish a concept of regarding honesty as an honor and corruption as a shame, enhance their confidence in battling corruption and raise their awareness in struggling against corruption. Next, we must pay attention to the key issues, and tackle the major issues in making party and state organizations honest and clean. As seen from the actual situation in the province, we must try to make some breakthroughs in the following several areas:

1. We must resolutely stop cadres of party and government organizations from using their authority for graft and bribery, extortion, or exchange of favors for money, and from seeking illicit income.
2. We must firmly prevent cadres of party and government organizations from abusing their power to infringe upon the interests of the state, the collective, and the masses, and from building their own private living quarters.
3. We must resolutely stop cadres of party and government organizations from using government funds to entertain guests and to give gifts.
4. We must unswervingly stop party and government organizations from issuing bonuses either in money or in kind.

5. We must firmly stop cadres of party and government organizations from using government funds for tourism under the name of traveling on official business, attending meetings, or studying on a field trip.

6. We must resolutely prevent cadres of party and government organizations from abusing their power to ask for preferential treatment in dealing with their own relatives for employment, job assignments, or school admission, and so on.

In addition, we must pay full attention to establishing and improving various systems to make party and government organizations untainted and upright. From now on, various localities must act in line with the relevant rules and regulations announced by the party Central Committee and the provincial CPC committee and in close connection with the actual local conditions. They must set up a system of openly handling official business by party and government organizations, the work system of party and government cadres, and a system for the masses to report unhealthy practices. Wu Guanzheng pointed out: In order to purify the government, the leading organs and leading cadres must do a good job in exercising their leadership. On the one hand, leading organs and cadres must play their exemplary role well. On the other hand, it is simply not enough for a party or government leading cadre to preserve his own purity only. He must adhere to a principled stand, dare to expose and interfere with unhealthy practices, and wage resolute struggles against corruption.

In conclusion, Wu Guanzheng also dwelled on the issue of strengthening ideological and political work in various enterprises.

Shanghai University Promotes Younger Staff
OW1002233689 Beijing XINHUA in English
1451 GMT 10 Feb 89

[Text] Shanghai, February 10 (XINHUA)—The Shanghai Medical Sciences University, one of the major universities in China, has recently promoted 12 professors and 8 associate professors in accordance with a new policy of appointing younger staff to senior posts.

Announcing this, Tang Zhaoyou, newly pointed president of the university, said Shao Mingchun, 47, was promoted professor from the position of lecturer in the basic Medical Department. His study of "glucoprotein processing control" has received world attention.

His promotion is part of a policy requiring that professors be no older than 55 and associate professors no older than 50. Hitherto promotions in China have been on the basis of seniority. Now young lecturers have a chance of promotion.

The president said that greater attention must now be paid to the training of young people and to providing those with great ability the chance of promotion.

Under the former system, associate professors could be promoted professors after five years. However, most of the newly promoted professors became associate professors only two years ago.

Central-South Region

Henan Leader on Current Work Arrangements
HK1402015989 Zhengzhou Henan Provincial Service
in Mandarin 2300 GMT 13 Feb 89

[Excerpts] The Henan Provincial CPC Committee invited nonparty figures to a forum in the Zhongzhou Guesthouse on 13 February to discuss the guiding idea and main tasks in the province's work for 1989. Leading comrades of the provincial party committee Yang Xizong, Zhao Di, Yao Minxue, and Zhang Zhigang attended the forum. [passage omitted]

Comrade Yang Xizong first introduced to the participants the provincial party committee's discussion draft on the guiding idea and main tasks in this year's work. He said that the guiding idea on work in the province in 1989 is to implement in depth the spirit of the 3d Plenary Session of the 13th CPC Central Committee, uphold the principle of grasping things with two hands—that is, grasp the development of socialist commodity economy with one hand and work in the ideological and political field with the other—ensure steady economic growth, stabilize the markets and prices, and keep people's minds and the overall situation steady.

Comrade Yang Xizong proposed that the main tasks for the province this year are to do a good job in improvement and rectification; comprehensively deepen the reforms; promote sustained and steady economic development; further grasp reforms in science, technology, and education; and promote family planning work, to lay the foundation for future economic expansion. We must step up education to popularize legal knowledge and do a good job in comprehensively tackling public order problems. We must launch in-depth education in the current situation, strengthen and improve ideological and political work, and promote the building of socialist spiritual civilization. We must step up the building of honest government, unfold the struggle against corruption, do a good job in party building, and strengthen party leadership.

The participants held lively discussions on Comrade Yang Xizong's remarks. They unanimously held that in convening this forum, the provincial party committee has displayed democratic work style and respect for nonparty figures. Under the direct leadership of the provincial party committee, we should strive together to fulfill the main work tasks for this year. [passage omitted]

Hunan Meeting Urges Improvements in Industry
*HK1402005789 Changsha Hunan Provincial Service
in Mandarin 2300 GMT 13 Feb 89*

[Excerpts] Industrial production in February must be held steady and must not be allowed to slide further; the shortfall in January must be recouped in March; the shortfall in the first quarter must be recouped in the second; preparations must be made for a big jump in production during the wet season; and every effort must be made to fulfill half the year's task by the end of June. This was the arrangement made for current industrial and communications production by a provincial government telephone conference on this subject on 13 February.

The province's industrial output value in January was 2,631 million yuan, a drop of 3.5 percent compared with January of last year. This was far behind the nationwide average of an 8.2 percent rise during the month. In order to reverse this passive situation, the provincial government held a meeting on 10 February to make arrangements for current production. In line with the spirit of this meeting, the telephone conference called on all localities, departments, and enterprises to earnestly do a good job in the following tasks:

1. Continue to get a good grasp of energy production, supply, and conservation. [passage omitted]

2. Invigorate capital. The provincial authorities have decided to set up a three-man consultative group comprising the principal responsible comrades of the provincial economic commission, the people's bank, and the industry and commerce bank. All localities should set up corresponding groups, which should classify current capital problems and arrange them in order of priority to be resolved one by one. The production enterprises and the departments in charge should actively cooperate with the banks to ensure the restoration of normal capital operations.

3. Actively prepare raw materials. The urgent task of the industrial and communications enterprises is to obtain the raw materials allocated them by the plan. [passage omitted]

4. Arrange and organize transport properly.

5. Strengthen coordination services and organize production carefully. In current production arrangements, apart from organizing the production of materials for supporting agriculture and daily necessities for the markets, we must pay particular attention to preparing for a big jump in production in the second quarter. We must in particular get a good grasp of organizing raw material reserves and overhauling equipment.

Vice Governor Yu Haichao and provincial Planning Commission Chairman Xu Youfa spoke at the meeting.

Industrial 'Slide' Analyzed

*HK1402013789 Changsha Hunan Provincial Service
in Mandarin 2300 GMT 13 Feb 89*

[Radio talk]

[Text] Listeners, Hunan's industrial production was on the slide in January. Why did this happen? Making an all-around analysis, there are both objective factors and subjective reasons.

Objectively speaking, the first factor constraining industrial and communications production in January was the serious electric power shortage. The province's power generation during the month was 1,237 million kw hours, a drop of 140 million compared with the previous January. Some enterprises had to halt production because of the power shortage.

Second, there was a capital shortage. The contradiction of capital shortage in the enterprises has become conspicuous since the purse-strings were tightened last year. As a result the enterprises have no money to buy raw materials. In addition, raw materials imports have not been firmed up, and this also has affected normal production in some enterprises.

There are also some weak links in our work. The main ones are: The technical state of the thermal power plants is not good, posing a greater requirement for hydroelectricity; new electric power facilities are relatively scattered, and some key enterprises that need guaranteed power supplies lack such guarantee; and there is lack of coordination in arranging capital, raw materials, and electric power. Some enterprises that have electric power lack capital and raw materials; some that have raw materials lack electric power.

There were many reasons for the slide in industrial production in January. Hence, we must have a full understanding of the situation in February and March. We must realize that the January power shortage concealed many contradictions in other aspects. The moment the electric power situation improves, the problems in capital, foreign exchange, and raw materials will be fully exposed and become conspicuous factors constraining production. In this situation, we must make mental preparations for fulfilling the production tasks in February and March. We must perceive the current problems and the difficulties in organizing production, and also avoid being scared to death by them. We must brace our spirits and work in concert to organize production carefully and well.

Southwest Region

Many Visit Tibetan Lamasery To Mourn Lama
*OW1102203989 Beijing XINHUA in English
1447 GMT 11 Feb 89*

[Text] Xigaze, February 11 (XINHUA)—Ten thousand living Buddhas, religious believers and representatives of

major temples in and outside the Tibet Autonomous Region have streamed into the Zhaxi Lhunbo Lamasery to mourn the Panchen Lama's death and pray for his early reincarnation.

Bainqen Erdini Qoigyi Gyaincain, the 10th Panchen Lama, died of a heart attack on January 28 at the age of 51 in his new residence in Xigaze, Tibet.

According to Qamba Qung, deputy director of the administration of Deqen Pozhang, the Panchen Lama's residence in Xigaze, the temple representatives come mainly from larger temples in Qinghai, Gansu, Sichuan and Yunnan Provinces, and the religious believers are mainly farmers and herdsmen representing their families and villages.

Living Buddhas and lamas from Qinghai and Sichuan Provinces have brought home with them scriptures praying for the early reincarnation of the Panchen Lama.

They will print the scriptures and dispatch them to different local lamaseries.

Tibet Leader Stresses Economic Work Results

HK1202053789 Lhasa Tibet Regional Service
in Mandarin 1130 GMT 11 Feb 89

[Text] Regional government Vice Chairman Puquin pointed out at a recent regional conference on banking: In developing Tibet's economy, it is essential to focus on bringing visible and tangible economic benefit to the Tibetan people, strive to increase effective supply while depressing excessive demand, and ensure that price increases this year will be markedly lower than last year. At the same time, it is necessary to increase investment in agriculture and animal husbandry and strive for a new breakthrough in output this year following last year's bumper harvest.

Vice Chairman Puquin therefore put forward a number of specific demands and hopes regarding banking work in the region this year: First, it is necessary to step up support for agriculture and animal husbandry. The credit departments must increase loans and investment for agriculture and animal husbandry. Second, efforts must be made to stabilize prices, strictly control the money supply, strengthen the management of cash, and strictly control the growth of consumption funds. Third, it is necessary to actively take part in lateral economic ties so as to make new contributions to the region's economic construction.

Tibet PLA Commissar's New Year Message Reported

HK1202025789 Lhasa Tibet Regional Service
in Mandarin 1130 GMT 11 Feb 89

[Excerpts] Tibet Military District Political Commissar Zhang Shaosong has issued a greetings message for the Spring Festival and the Tibetan New Year. [passage omitted]

After affirming the achievements of the PLA units over the past year, the message emphasized that 1989 is a year when the whole Army from top to bottom must seriously implement the spirit of the 3d Plenary Session of the 13th CPC Central Committee and the enlarged meeting of the Central Military Commission, maintain a high degree of stability in the units, and take practical action to support the state's [words indistinct] and the deepening of reforms. We must always remember the Army's basic functions, center our work on military training, focus on building the Army into a regularized force, take the improvement of combat effectiveness as the yardstick, and develop all work in a coordinated manner to ensure the fulfillment of all tasks assigned by the upper levels.

The party committees at all levels must regard education in the current situation as the core task in political education in the units and guide everyone to profoundly understand the spirit of the 3d Plenary Session of the 13th CPC Central Committee, correctly view the tremendous achievements in reforms, and correctly analyze the difficulties and problems encountered by the state in the course of reforms, and thus boost confidence in reform, subordinate our efforts to the state's overall situation, and correctly view and deal with [words indistinct] in reforms.

We must carry out strict training and management and strive to improve the units's combat effectiveness. We must give full scope to our strong point in political work and tangibly strengthen the building of [words indistinct]. [passage omitted]

The message also pointed out that the unfortunate death of the Bainqen through an incurable heart attack is a major loss to the state and the nation. The party committee of the military district hopes that the commanders and fighters will turn their grief into strength. Under the leadership of the regional party committee, they should staunchly preserve the unity of the motherland, strengthen ethnic solidarity, and be alert against disruption and sabotage caused by a very small number of separatist elements.

This year we will greet the 40th anniversary of the founding of the PRC. Under the leadership of the CPC Central Committee and the Central Military Commission, we should work in concert and press forward the building of the PLA units in Tibet to a new height.

North Region

Beijing's Li Ximing Presents Awards to Writers

SK1102050189 Beijing BEIJING RIBAO in Chinese
17 Jan 89 p 1

[Excerpts] A meeting to award prizes to winners of articles on "theoretical study on reform and opening up" was held at the No 3 conference room of the municipal party committee yesterday afternoon. This activity to solicit articles was conducted to mark the 10th anniversary of the

convocation of the 3d Plenary Session of the 11th CPC Central Committee and was cosponsored by the Propaganda Department of the Beijing municipal party committee, the municipal Federation of Social Sciences Societies, the municipal Social Sciences Academy, XUEXI YU YANJIU [STUDY AND RESEARCH] magazine, and BEIJING RIBAO. This activity began in June last year and ended at the end of October. Nearly 500 articles were contributed by the broad masses of theoretical and practical workers in Beijing, of which some 50 articles were selected and published by BEIJING RIBAO, XUEXI YU YANJIU, BEIJING SHEHUI KEXUE, BEIJING SHELIAN TONGXUN, and CHENGSHI WENTI. [passage omitted]

Li Ximing, secretary of the municipal party committee, and Wang Jialiu, deputy secretary of the municipal party committee, attended the award ceremony. Li Zhijian, member of the Standing Committee of the municipal party committee and director of the Propaganda Department, presided over the ceremony. Comrade Li Ximing gave a speech at the ceremony.

In his speech, Li Ximing said: In order to mark the 10th anniversary of the convocation of the 3d Plenary Session of the 11th CPC Central Committee, several units cosponsored this meaningful activity to solicit articles. Most of the articles deeply probed the important theoretical issues of reform and opening up, including the issues of economic structural reform, political structural reform, the development strategy for the capital, and the building of spiritual civilizations. Many of the articles receiving awards were of a fairly high level. These articles will play a good role in the municipality's theoretical study and theoretical propaganda and will actively promote our understanding and implementation of the guidelines of the 3d Plenary Session of the 11th CPC Central Committee and enable us to do a good job in all fields.

Li Ximing emphatically pointed out: Theoretical study and propaganda work should be conducted in close connection with the reality of reform and opening up and in coordination with the attempt to improve the economic environment, rectify the economic order, and deepen reform in an effort to solve the existing problems of ideology and understanding of the masses. He pointed out: Enhancing national spirit and fostering a spiritual pillar also constitute one of the important tasks of the broad masses of theoretical and propaganda workers. We hope that all of you will further strengthen this field of work in the course of deeply studying the economic theories.

Hebei Reports Growth in Foreign Investment
OW1302114589 Beijing XINHUA in English
0913 GMT 13 Feb 89

[Text] Shijiazhuang, February 13 (XINHUA)—As 1989 gets under way, north China's Hebei Province is continuing to attract overseas investment to promote the development of its export-oriented economy.

The province plans to sign contracts for 331 projects involving foreign investment of 1.2 billion U.S. dollars this year, said Ye Liansong, vice governor of the province.

Ye also said that the province's open coastal areas, which face the Bohai Sea to the east, have been expanded to include the cities of Qinhuangdao, Tangshan and Cangzhou and 12 counties under their jurisdiction.

The province's open coastal areas boast plentiful mineral resources such as coal, iron ore and petroleum, and have a steadily developing industrial base, the vice governor said.

By the end of 1988 the province had signed 287 contracts worth 766 million U.S. dollars—including 336 million U.S. dollars in foreign investment.

Most of the projects are productive ones and some are now beginning to show profits, he said.

This year the provincial authorities are concentrating on improving the conditions for foreign investors and have already provided a series of preferential policies to attract further foreign capital, the vice governor said.

Wang at Inner Mongolia Military District Forum
SK1302094589 Hohhot NEIMENGGU RIBAO
in Chinese 25 Jan 89 p 1

[Excerpts] On the afternoon of 23 January, the Inner Mongolia Military District invited regional party and government leaders who were attending the regional meeting of secretaries of various league and city party committees; secretaries of various league and city party committees; and leaders of various large industrial and mining enterprises to a forum. Party, government, and Army leaders gathered happily under the same roof to freely discuss the excellent situation of reform and opening up and the great unity among the party, government, Army, and the people.

At the forum, Li Guibin, commander of the military district, and Yang Enbo, political commissar, first gave an account of the military district's major achievements of the past year to the local party and government leaders and gave briefings on the major guidelines of the recently concluded enlarged meeting of the military commission. Commander Li Guibin said: Under the correct leadership of the Beijing Military Region and of the regional party committee, the armed forces of the military district have scored gratifying achievements in conducting education on the situation and tasks and in carrying out military training, construction of border defenses, improving work style and discipline, and developing agricultural and sideline production. The border troops' efforts to make themselves a "window" were highly praised by the party committee of the Beijing Military Region and by all fraternal Army units. The armed forces of the military district could not realize such gratifying

achievements without the political concern, work support, and care for their livelihood given to them by the local party and government leaders at all levels and by the broad masses of people. [passage omitted]

Wang Qun, secretary of the regional party committee, gave an ebullient speech at the forum. He said: Our party and Army have a good tradition. Every Spring Festival we hold a forum to promote unity among the Army, the government, and the people. He noted: The situation in all fields throughout the region is good and is praised and affirmed by the central leaders. One of the important reasons for this is that we have a good tradition and basis for maintaining unity among the Army, the government, and the people. Over the past scores of years, the armed forces of the Inner Mongolia Military District have maintained flesh and blood ties with the party, government, and the people of various nationalities. We should attribute Inner Mongolia's good situation, stability, and unity to the meritorious service of the Army. The border troops in particular have been on patrol duty day and night, have stood guard, and have contributed to building the border area into a peaceful, friendly, and tranquil place, turning it into a "window," and displaying the dignity of the country and the Army. Comrade Wang Qun also specifically analyzed the various current matters affecting the thinking of the Army units and cadres. He expressed the hope that leaders of various league and city party committee would understand the profession of servicemen and realistically care for, help, and support Army building.

Representatives of secretaries of the league and city party committees were invited to give speeches. The forum was permeated with a warm atmosphere from start to finish.

Also attending the forum were members of party, government, and Army organs of the region, including Liu Yunshan, Zhou Rongchang, Xu Lingren, and Bai Yongsheng.

Wang Qun Attends Inner Mongolia Award Ceremony
SK1202073989 Hohhot NEIMENGGU RIBAO
in Chinese 16 Jan 89 p 1

[Text] At the regional conference on the work of planning, finance, economic structural reform, science and technology, and technological transformation, which ended on the afternoon of 15 January, a regional people's government official signed the certificates of responsibility for fulfilling the 1989 agricultural targets along with representatives of various leagues and cities. At the conference it was decided to manage the targets with regard to the regional agricultural production and the economic work of rural and pastoral areas.

Among those regional party and government leaders present at the signing ceremony were Wang Qun, Bu He, Zhang Dinghua, Pei Yingwu, Liu Zuohui, Alatanaoqier, and Zhao Zhihong.

The certificates of responsibility have defined the major economic targets for rural and pastoral areas as for 1989 follows: 1) Total output of grain crops should be ensured at 7 billion kg; that of oil-bearing crops, 628,000 tons; and that of beets, 2.38 million tons. 2) The number of draft and small domestic animals should show an increase of 26 percent. By the end of June, the number should reach 43 million. By the end of December, the number of domestic animals in stock should reach 43.5 million. [as published] 3) Some 4 million mu of forests and 6 million mu of artificial grasslands should be built, and the total output value of town and township enterprises should reach 4.3 billion yuan. 4) Production and supply of vegetables, meat, poultry, eggs, and milk should be better than last year in various major cities, Hohhot and Baotou in particular. 5) The per capita net income of peasants and herdsmen should show an increase of 50 yuan over the past year's figure, and efforts should be made to enable the per capita net income of 40 percent of the existing poverty-stricken households to reach 200 yuan.

The certificates of responsibility have also defined the region's duties and obligations as follows: 1) Strive to create a suitable economic and social environment for agricultural development, and encourage and support all leagues and cities to formulate, in line with their specific conditions, policies and measures for deepening rural and pastoral reform. 2) Increase investment in agriculture; allocate 23 million yuan of additional agricultural funds, an increase of 12.4 percent over the past year; and release 20 million yuan from the agriculture-aiding working funds to develop grain production. 3) Attend to supply and management of major means of production, ensure the amount of chemical fertilizers applied throughout the year at 1.2 million tons, strive to supply 90 million tons of plastic sheeting for agricultural use for peasants, and carry out monopolized management for chemical fertilizer and plastic sheeting. 4) Vigorously popularize applicable technologies for increasing production, set up the regional "bumper harvest prize" for agricultural production, and organize scientific and technological personnel to go deep into rural and pastoral areas to conduct technological contracting. 5) Organize pertinent departments of the region to strengthen the service work, and organize all professions and trades to support agricultural production.

The certificates of responsibility have also stipulated six other duties and obligations of various leagues and cities, and defined several economic targets that should be accomplished by various leagues and cities this year.

The certificates of responsibility also set forth four regulations for appraisals and awards.

On behalf of the regional government, Vice Chairman Alatanaoqier signed the certificates together with representatives of various leagues and cities, including Wang

Yunting, Meng Te, Ji Binglin, Wang Fengqi, Geriletu, Zhang Kun, Gao Yanqing, Wu Jie, Xia Ri, Liu Zheng, Gao Shourao, and Wu Sailun.

Chen Xitong Inspects Tianjin 9-11 Feb
*OW1302022189 Beijing Domestic Service
in Mandarin 0800 GMT 11 Feb 89*

[Text] According to a report by the Tianjin People's Broadcasting Station, State Councillor and Beijing Mayor Chen Xitong visited Tianjin on an inspection tour from 9 to 11 February. After inspecting the newly built Tianjin Railroad Station, he said that the Tianjin Railroad Station was built fast and well mainly because efforts were made to give play to political superiority and strengthen ideological and political work, and that such an experience merits learning from it.

Chen Xitong also inspected the Tianjin economic and technological development zone, the container wharf of Tianjin harbor, and Daqiu village of Jinghai County.

Li Ruihuan at Tianjin Rural Work Conference
*SK1102055389 Tianjin TIANJIN RIBAO in Chinese
20 Jan 89 p 1*

[Excerpts] The municipal rural work conference opened at the Tianjin Guesthouse on 19 January.

The central subjects under discussion during this conference are: relaying and implementing the guidelines of the national rural work conference; summarizing the experiences gained in the decade of the rural reform; studying how to further implement the principles of "serving the urban areas and making peasants affluent," under the new situation of improving the economic environment, rectifying the economic order, and deepening reform, in accordance with the arrangements of the third (enlarged) plenary session of the fifth municipal party committee; studying how to reap a bumper harvest in agriculture, in particular the production of nonstaple food; and studying how to increase effective supplies to the urban areas, how to enable the rural areas to better serve the urban areas, how to further develop the municipality's excellent situation in urban and rural areas, and how to make new contributions to stabilizing commodity prices and the overall situation. [passage omitted]

The municipal party committee and the municipal government reportedly pay great attention to and place great hopes on this conference. Li Ruihuan, secretary of the municipal party committee and mayor of the municipality, said: Because this rural work conference will directly affect the stability of the municipality, it must be held successfully. First, it will not do to stress only the economy and not politics. We must change our ideas and adapt ourselves to the current situation. Cadres of various agricultural departments and of various suburban counties have done a good job in implementing the principles of "serving the urban areas and making peasants affluent," and have made contributions to urban areas. The municipal party

committee is satisfied with their work. He made the demand that this conference be held in a lively, democratic, united, and gratifying manner.

On 19 January, more than 780 representatives from various agricultural departments and bureaus, various pertinent departments, and various towns and townships in suburban counties studied the decision of the CPC Central Committee and the State Council concerning "striving for a bumper agricultural harvest this year," and also studied Comrade Li Ruihuan's report delivered at the third (enlarged) plenary session of the fifth municipal party committee and the outline of the report by Comrade Lu Huansheng at the national rural work conference.

During this conference, municipal leading comrades Li Ruihuan, Wu Zhen, Tan Shaowen, Nie Bichu, and Liu Jinfeng will make important reports.

Northeast Region

Heilongjiang's Sun Weiben on Economic Reform
*SK1102112889 Harbin HEILONGJIANG RIBAO
in Chinese 9 Jan 89 p 1*

[Excerpts] of speech delivered by Sun Weiben, secretary of the Heilongjiang Provincial CPC Committee, at the provincial conference on economic structural reform on 8 January: "Correctly Understand the Relations Between Reform and the Work of Improving the Economic Environment and Rectifying the Economic Order"]

[Text] During the 10 years of economic structural reform, we have not only scored great achievements that were unimaginable under the old structures; we have also been confronted with difficulties never experienced under the product economy. In the face of the most rigorous test placed on us since the introduction of reform and opening up, we are required to mobilize the vast number of cadres and the masses to surmount all difficulties with firm confidence to further push forward the reform.

1. We Should Use the Guidelines of the 3d Plenary Session of the 13th CPC Central Committee to Appropriately Handle the Relations Between Reform and the Work of Improving the Economic Environment and Rectifying the Economic Order, With a View to Firmly and Unswervingly Pushing Forward the Reform

Since the 2d half of last year, such serious problems as price hikes and inflation have cropped up in economic life. To counter this, the central authorities have set the demand of focusing reform and construction on improving the economic environment and rectifying the economic order. As a result, some cadres and masses have become suspicious of reform, thinking that reform has suffered a setback and thus may be stopped. Undoubtedly, it is an extremely important and urgent task to clear up these confused ideas, to define the relations between the work of improving the economic environment and

rectifying the economic order and the work of deepening reform, and to bring the ideas of leading cadres at all levels and the vast number of the people into line with the guidelines of the 3d Plenary Session of the 13th CPC Central Committee.

First of all, we should comprehensively understand and implement the guidelines of the 3d Plenary Session of the 13th CPC Central Committee. Here, we should make clear the following three issues. First, improving the economic environment, rectifying the economic order, and comprehensively deepening reform are a complete guiding principle set forth by the 3d Plenary Session of the 13th CPC Central Committee. On no account should we separate the work of improving the economic environment and rectifying the economic order from the work of deepening reform, nor should we attend to one of them to the neglect of the other. Without the work of improving the economic environment and rectifying the economic order, it would be impossible to deepen reform under an economic environment of inflation and under a confused economic order, and without the work of deepening reform, it would be impossible to foster a new order conformable to the law of the planned commodity economy. When giving prominence to improving the economic environment and rectifying the economic order, we must guard against one-sidedness in ideology and action, and must be alive to the possibility that one tendency may conceal another. Second, the work of improving the economic environment and rectifying the economic order must be carried out under the guidance of the general principles and policies with regard to reform and opening up. By rectifying the economic order, we mean rectifying disturbances, rather than forbidding flexibility. If we follow the old method of "seeking uniformity" in readjusting the economic structure, there would be a tendency once again to pick up those old things which had already been eliminated after innumerable trials and tribulations during the 10 years of reform, and followed by a restoration of old systems. Third, in improving the economic environment and rectifying the economic order, we should aim to clear up, as quickly as possible, the obstacles on our path of reform, and minimize the risks of reform in order to enable the reform to develop more smoothly. Practice in the decade of reform proves that reform and the economic environment are interrelated. Whenever we maintain a balance between the social demand and the social supply, reform develops rapidly and smoothly. Otherwise, reform is confronted with difficulties. The current economic problems of inflation, price hikes, and confused order in circulation have not only directly hampered the deepening of reform, but also dampened the confidence of cadres and the masses in carrying out reform. Therefore, solving these problems constitutes not only the prerequisite for a stable economic development but also an urgent task for deepening reform. By giving prominence to improving the economic environment and rectifying the economic order, we never mean suspending reform, but mean comprehensively deepening reform. Therefore, it is a continuation and expansion

of reform under the new situation. In sum, the guiding principle defined by the 3d Plenary Session of the 13th CPC Central Committee is precisely to firmly and unwaveringly push forward reform in the course of improving the economic environment and rectifying the economic order.

Next, we should be good at using the guidelines of the 3d Plenary Session of the 13th CPC Central Committee to deal with contradictions and command the whole situation. This is because during this year and the next years, and even for a still longer period to come, we will be faced with many "two-sided" problems in improving the economic environment and rectifying the economic order, in carrying out reform, and in developing the economy. The major indicator is the "eight coexistences," namely, the coexistence of the shortage of funds and the unduly large use and poor circulation of funds; the coexistence of inordinate price hikes and the distortion of prices; the coexistence of the insufficient supply of effective products and the slow-selling and overstocking of some products; the coexistence of slow economic growth and the partially overheated and haphazard economic growth; the coexistence of poor circulation and a confused market order; the coexistence of egalitarianism in distribution and unfair distribution in society; the coexistence of the lack of vitality and the incorrect behavior of enterprises; and the coexistence of the failure in controlling the macroeconomic management and the failure in delegating due powers to enterprises. All these coexistences indicate that, on the one hand, it is completely necessary for our province to improve the economic environment and rectify the economic order, and, on the other hand, it is necessary to realistically implement the principles of the central authorities in line with the respective situations of the province, various cities, and various counties in accordance with the criterion of helping optimize the overall social productivity and promoting sound economic development. Here, the key lies in the "three integrations." The first one is the integration of decontrol with control. Only through decontrol can we increase vitality and vigor, and only through control can we tend to achieve harmony between the vitality of the microeconomy and the demand of the macroeconomy. Decontrol must be restricted by control, and control must create conditions for decontrol. We must put decontrol and control in the same process of reform. The second is the integration of relaxed and strict management. By strict management we mean cutting down all projects as merited in an effort to fulfill the task of improving the economic environment and rectifying the economic order. By relaxed management we mean guaranteeing the projects that are due in order to gain more momentum for further development of the economy. By integrating relaxed management with strict management, we mean appropriate curbs and guarantees. In other words, we should tighten up the projects but not choke them to death, and should cut the scale of projects but not seek uniformity. We should make the process of curbing or ensuring the projects become a process of readjusting the economic

structure and bringing about a benign cycle of economic development. The third is integration of restraint and development. To solve problems in the economic life, we should not only restrain demand, but also develop production and increase effective supplies; we should not only cool down the overheated economic growth but also avoid preventing economic development; and we should not only check inflation but also avoid economic stagnation. All of this should be assessed in line with the criterion for productive forces. In testing the ideological expertise and leading ability of our leaders at all levels, we should base the evaluation on whether or not they are good at and brave in handling all problems with the criterion for productive forces. We should select a number of practical problems that are related to the overall situation and need urgent solution, and then sponsor seminars to solve them.

2. We Should Promote the Mutually Supportive Overall Reform, Centering on Invigorating Enterprises

By comprehensive reform we mean that reform should involve the following aspects, at least: We should not only consolidate the foundation of the microeconomy and truly invigorate enterprises, but also strengthen macroeconomic regulation and control and rationalize the ratio among different sectors of the economy. At the same time, we should attend to the consolidation and development of markets, and promote the rational circulation of commodities and production elements so as to create conditions for invigorating enterprises and readjusting structures.

To strengthen the microeconomic foundation and truly invigorate enterprises, we should actually attend to the following tasks at present: 1) The train of thought for enterprise reform should be elevated from the height of trying to obtain more tax reductions with a view to keeping more profits to the height of trying to increase production, practice economy, and tap potential. As far as enterprises are concerned, they should shift emphasis from expanding production to tapping potential, should make great efforts to deepen the internal supportive reforms and strengthen enterprise management, and should try to solve problems and improve themselves with their own efforts. 2) The reform of enterprises' operational mechanisms should be integrated with the endeavor to overcome difficulties emerging in improving the economic environment and rectifying the economic order. We should link the work of raising funds through diverse channels with the work of implementing the per capita risk-taking mortgage system, the shareholding system, and other reformat measures; we should link the work of increasing effective supplies with the work of readjusting the product mix of enterprises; and we should link the optimized organization of enterprise production elements with the open, market-oriented, and competitive paid transfer of these production elements. We should promote contracting, leasing, and associations between superior and inferior enterprises, and we should carry out incorporation, share buying,

and auctions among enterprises. Through these measures, we should truly establish a competition mechanism, a risk-taking mechanism, an encouragement mechanism, and a self-restraint mechanism suitable for the demand of developing a socialist commodity economy. 3) An external environment should be created for deepening enterprise reform. At present, we should, on the one hand, depend on the improvement of the economic environment and the rectification of the economic order to solve existing defects and improve the external environment. On the other hand, we should avoid creating new "environmental pollution," and strive to purify the external environment. Recently, the frequent inspections with which enterprises had been disguised have once again gained ground under the pretext of improving the economic environment and rectifying the economic order. Enterprises are tired out by coping with too many inspections, thus affecting their normal production and operation. It should be asserted that at present the focus of inspections should be placed on the circulation sphere and on those enterprises that refuse to separate government from commercial undertakings and that violate laws and discipline. As reported by some enterprises, at present the focus of inspections has precisely been placed on productive enterprises, but not on those companies that directly affect the interests of government and professional responsible departments and that refuse to separate government from commercial undertakings. With a multitude of names, and with each acting on its own, these inspection groups and teams have conducted repeated and lengthy, time-consuming inspections among enterprises, thus making leaders of enterprises unable to organize normal production and operation activities. Some inspectors have been entertained by leaders of enterprises with mahjong games, and with extravagant wining and dining. Some inspectors have even accepted gifts and bribes. Worse still, because some inspectors have had a poor grasp of policies and professional knowledge, they have regarded the case of exporting commodities at floating prices of international markets as a violation of price policies, and then imposed fines on such cases. Therefore, party committees and governments of various localities should strengthen leadership over inspection groups and teams, make some rules for these groups and teams to observe, and strengthen disciplinary supervision over these groups and teams. Among enterprises, reporting boxes should be installed to reveal the malpractices committed by inspection groups and teams and to accept supervision from the masses so that we can truly regard the inspections as a channel to foster an honest and clean government and build up a new atmosphere. At the same time, I want to once again stress the necessity of resolutely banning the unjustified financial levies from enterprises. In sum, the external environment of enterprises should be improved, rather than worsened, and should be purified, rather than polluted.

We should strengthen and improve macroeconomic control. Through strengthening macroeconomic control, we should strive to solve the imbalance between the overall

demand and the overall supply, the unreasonable structural proportions among the major sectors of the economy, and the loopholes in the financial sphere. First, we should concentrate on studying how to carry out comprehensive utilization of economic, administrative, legal, and disciplinary means as well as the ideological and political work. Emphasis should again be placed on our advocating the utilization of economic and legal means because they are the basic train of thought in establishing new structures. As for those problems which are hard to deal with through economic means, necessary administrative means should be adopted. Second, we should guard against the "unchecked spreading" of administrative means. Administrative means should be applied appropriately within a set limit, but should not be adopted without any restrictions. By no means should we rashly negate and forsake the new mechanisms, new measures, and new methods we have formed during the process of reform. Meanwhile, on no account should we restore old structures that will lead the reform to the road of retrogression. Third, we should give full play to the functions of governments at all levels in organizing and guiding the economic work. Through the reform of planning, financial, and supply structures, and through the readjustment of the work focus of government and functional departments, we should strive to reorient the focal points of the input of manpower, financial resources, and material resources to the focal points of the economic and social development strategy defined by the sixth party congress, and to microeconomic activities. We should formulate tough restrictive measures to link the focal points of the input of manpower, financial resources, and material resources with the focal points of the economic and social development strategy so that we can smoothly fulfill the province's task of readjusting the economic structure. Government at all levels should frequently carry out analyses of the current economic situation, and strengthen the work of exercising control over production and organizing coordinated production so as to avoid making serious mistakes.

Establishing and cultivating a market that has the function of regulating and controlling prices is an important aspect of deepening the reform. Markets are a link between the state and enterprises and between the macroeconomy and the microeconomy. Viewing the current situation, we can see that our country's economic development is inseparable from markets; the consumer goods and industrial products subject to the state plan and the materials and goods covered by unified state distribution have already declined in number by a large margin, and all agricultural products, except for the portion subject to purchase by contract, are allowed to be put on markets freely. If we refuse to rectify the market order, and to appropriately organize the commodity markets and the markets of production elements that have the function of regulating and controlling commodity prices, our economic operation will be confronted with obstacles and suffer stagnation, it will be difficult for our enterprise reform to be deepened, and the indirect regulation and control over the macroeconomy will

not be realized. Therefore, we should exert great efforts in rectifying the market order, gradually establishing and improving market regulations, and strengthening market management. We should give prominence to developing the production element markets; should effect a reasonable flow of funds, the labor force, equipment, plants, and technologies; should permit the transfer of property rights of enterprises; and should promote the readjustment of industrial, product, and enterprise structures. We should also explore ways to open the real estate market, promote the reasonable flow of consumption funds, relieve the pressure on inflation, and strictly control price hikes.

3. We Should Sum Up Experiences Gained From Reform, Improve Our Understanding of Reform, and Strengthen Leadership Over Reform

Now the reform has entered an important period. In the face of the various worries, doubts, misgivings, and ideas prevailing in various strata of society, it is actually necessary for us to seek unity of thinking. To this end, the provincial party committee has decided to conduct study and discussion courses on "comprehensively summarizing the experiences gained from the reform" among leading bodies at all levels this year. Through these study and discussion courses, members of these leading bodies should apply the theory of the initial stage of socialism and the criterion for production forces to systematically summarize and ponder the advantages and disadvantages of the reform over the past 10 years, and to enhance understanding of the law on reform so that they can gradually overcome confused ideas and become more conscious in carrying out reforms during the years to come. Reviewing the process of reform and opening up over the past 10 years, we can see that reform and opening up have not only infused our social, economic, and political lives with great vitality, but also have broken with the long-standing closed and stagnated situation of our country and created a new stage of historical development. However, we are, after all, carrying out reform in a country that has a huge population and a relatively backward economic foundation, that has long suffered shortages of natural resources, and that has been affected by several thousand years of feudal history and culture. Therefore, we cannot blindly follow the reform modes adopted by any other countries. The only way is to explore and conduct practice on our own. At the same time, because reform is an extensive and profound revolution, some problems, difficulties, and even complications can hardly be avoided. We should conduct education among the vast number of party members, cadres, and the masses on the idea that "reform is the second revolution of China," which has been stressed by Comrade Deng Xiaoping on many occasions. Through this education, we should imbue the vast number of party members, cadres and the masses with the idea that being too impatient for quick results from the reform will bring us the same losses as those brought about by the impatience for quick results from the economy, and the idea that it is wrong to approach

reform with utilitarianism which is represented by the small-scale peasant economy and with idealism which means placing unduly high hopes on reform. From a long-term point of view, reform will certainly bring about benefits to the state and the people. However, from a short-term point of view, reform will probably bring us not only benefits but also losses. Therefore, we must not only share achievements but also commonly take on risks and pressure. In particular, during the period of transition from the old system to the new and the period during which our economic environment will tend to be tighter and tighter, we should be ready to lead an industrious and frugal life for some years. In sum, through the summing-up of experiences and by conducting propaganda and education, we should strive to unify the people's understanding of reform and gain the understanding and support of the people from top to bottom so that reform will become a cause for which the whole people explore and work hard.

At present, party committees, governments, and departments in charge of economic structural reform at all levels have to strengthen leadership over reform, and strive to improve their expertise in giving guidance to reform. First, they should enhance their foresight in reform. By drawing up plans, they should gradually provide regulations for reform, and strive to carry out reform in a step-by-step and systematic manner. Second, they should strengthen the explorations and the advanced experiments for the theory concerning reforms. In this regard, they should positively guide, encourage, and support theoretical workers to get deeply involved in the practice of reform, and to cooperate with those engaging in the practical work to commonly answer the questions emerging in the process of reform. At the same time, direct support should be given to those entrepreneurs working in the forefront of production. Third, they should love, protect, support, and contact entrepreneurs and reformers. Around structural reform commissions at all levels, they should attract and rally a number of entrepreneurs who have dedicated themselves to reform to form a backbone force of reform. Fourth, they should foster the authority of structural reform departments. All the plans, major measures, and major actions concerning reform adopted by various pertinent departments should undergo the unified research and coordination of structural reform departments. Structural reform departments at all levels should strive to effect a great improvement and enhancement in their guiding ideology, mode of thinking, method of work, and style of work.

Northwest Region

Qinghai Governor Visits Poor Hui Peasants 7 Feb
OW0902073489 Beijing Domestic Service in Mandarin
1030 GMT 7 Feb 89

[Text] Despite falling snow, on 7 February Qinghai Governor Song Ruixiang rushed from Xining to (Xiegou) Township of Datong Hui Autonomous County,

which is located more than 50 kilometers from Xining, to wish the poor peasants of Hui nationality who have become better off a happy New Year.

(Xiegou) Township was originally an impoverished township, with a per capita income averaging only 70 to 80 yuan. For 3 successive years starting in 1986 the Qinghai Provincial General Office dispatched work groups specializing in assisting impoverished areas to help this township tap new resources in order to become better off. The township's per capita income rose to 349 yuan last year.

On 7 February Governor Song Ruixiang sat down on the warmer end of the kang [a heatable brick bed] of some peasants and had a heart-to-heart talk with them to listen to their views and to hear their expectations of the government.

Shaanxi Poor Areas Achieve Economic Development
HK0902105289 Xian Shaanxi Provincial Service
in Mandarin 0500 GMT 9 Feb 89

[Excerpts] Last year the poor areas in our province achieved much progress in economic development. According to statistics compiled by the end of 1988, more than 60 percent of impoverished peasant households in the province have shaken off poverty and embarked on the road of becoming rich.

To quicken the pace of economic development in poor areas, the provincial party committee and government promulgated a number of preferential policies in 1988. Cadres having competent scientific and technological knowledge were appointed deputy magistrates of 26 counties and more than 60 impoverished counties transferred over 10,000 cadres down to poor villages to help them work out plans and adopt measures for economic development. [passage omitted] In 1988 more than 6,000 economic entities were established, providing jobs for over 120,000 laborers from poor peasant households. [passage omitted] Meanwhile, all types of technical training courses were established in poor counties to improve the technical quality of laborers. Through training, more than 980,000 people have a good command of at least one kind of skill. [passage omitted]

Shaanxi Telephone Hotlines Make Contributions
OW1202153989 Beijing Television Service
in Mandarin 1100 GMT 10 Feb 89

[Report by Shaanxi television reporter Huang Shouxian from the "National News Hookup" program]

[Text] The special telephone lines set up by the leadership of Shaanxi provincial party committee, People's Congress Standing Committee, and government a year ago have become bridges contributing to the development of closer ties between the party and the masses.

The three hotlines were set up on 11 January 1988. Since then some 1,600 telephone calls have been made by the public through these hotlines. Full-time personnel were assigned to answer each telephone call, report typical problems to the leaders, handle reported cases of official misconduct in accordance with the leaders' instructions, and report results to the people concerned. Based on the telephone calls, personnel concerned have reported 48 cases of official misconduct and filed 8 situation reports to the leaders, enabling them to understand the general situation and major events in society.

After receiving the reports on official misconduct, the principal leaders of the provincial party committee, People's Congress Standing Committee, and people's government assign personnel to handle the cases and sternly deal with the offenders. As a result, many problems have been resolved at the grass-roots level before they developed into major contradictions. The telephone hotlines have, in particular, played a positive role in rectifying the work style of grass-roots leading party and government cadres. So far, the office in charge of the hotlines has resolved 68 major problems reported by the masses and has prevented people from personally calling on the leaders on more than 70 occasions.

Shaanxi Notes 'Serious' Child Betrothal Problem
HK1302021189 Xian Shaanxi Provincial Service
in Mandarin 0500 GMT 11 Feb 89

[Excerpts] According to SHAANXI RIBAO, the phenomenon of child betrothals, resulting in underage or early marriages, is becoming more and more serious in

places such as Weinan, Xianyang, Yulin, Yanan, Tongchuan, and Xian. The departments concerned have not yet paid attention to this problem or taken appropriate measures. [passage omitted] The following are the reasons for this situation:

1. Not enough has been done to curb child betrothals, and propaganda and education are weak and ineffective and fail to cope with reality. As a result the phenomenon of child betrothals is spreading.
2. Early marriage is becoming more and more common because the leaders of the departments concerned indiscriminately sign approval chits and counterfeit certificates heedless of the state laws and the government regulations. The staff concerned can thus hardly act according to the law.
3. There is not enough publicity on the Marriage Law, and conflicts occur between self-formulated policies and reality. For instance, in some places there is a regulation that when a marriage certificate is taken out it is necessary to pay a family planning deposit, photography fees, child immunization fees, insurance, and so on totalling several hundred yuan or as much as 1,000 yuan. The masses cannot endure such expense. They therefore organize unregistered marriages.
4. The government administrative personnel fail to act according to the law. For instance, in 1987 the civil affairs assistant in one township performed marriage ceremonies for 120 young couples, but not a single one was performed according to the regulations. Twenty of these were underage marriages.

Many provincial CPPCC members have appealed to the government at all levels to act as soon as possible to put a stop to child betrothals and underage and early marriages in the province.

Details of Taiwan Pilot's Arrival in Guangdong
HK1302143889 Hong Kong TA KUNG PAO in Chinese
13 Feb 89 p 1

["Special Dispatch" from Guangzhou by Feng Hsin (7364 0207): "How a Taiwan Pilot Landed in Fengshun"]

[Text]Guangzhou, 12 Feb—An Eyewitness Account of How the Aircraft Crashed

According to informed sources, Lt Col Lin Xianshun [Lin Hsien-shun], the pilot of the Taiwan military aircraft that crashed in the eastern Guangdong county of Fengshun, is receiving a medical checkup and treatment in the Overseas Chinese Building of an Air Force hospital in Guangzhou. Lin reportedly feels quite well and is in stable condition.

The Taiwan F-5E aircraft, serial number 400977, crashed on a small hillside near Dongfang village, Tangnan town, Fengshun County, at about 1000 yesterday morning.

An eyewitness said: There was light fog at the time, and suddenly the drone of an aircraft was heard. A moment later, a silver-gray aircraft was seen flying from the west in a southeasterly direction at an altitude of some 600 feet. Before there was time to identify the signs on the aircraft a small dot ejected from it and this immediately opened into a white parachute and drifted slowly down from the sky. By this time the aircraft had crashed into a hillside near the village covered with vegetable fields on one side and fruit trees on the other. The crash caused a loud bang and rolling heavy smoke, and a big crater about 6 m in diameter was created on the hillside, in the red earth. The front of the aircraft penetrated the ground to a depth of about 4 m and the tail broke into several pieces.

Having Been Hurt on Landing, He Received Help From Various Quarters

The 36-year-old Taiwan pilot Lin Xianshun said: At that time there was heavy fog and visibility was poor. Because I was flying at an extremely low altitude, I used up fuel fairly quickly. Seeing that the oil pressure gauge indicated empty, he pointed the aircraft toward the hillside and then bailed out.

When Lin Xianshun landed on the drilling ground of Longshan Middle School, Tangnan town head Lin Caihe and others rushed to the scene and helped him into the school office. A teacher immediately served him a cup of sugar water and, in accordance with local custom, cooked a bowl of noodles for him. Finding himself in a Hakka area, Lin said in Hakka: "I was born in Taiwan's Miaoli and my original family home is in Guangdong's Meixian County."

By this time a doctor and a nurse from the town clinic had also arrived on the scene. They applied medicine to the wounds on Lin's forearms and buttocks, which he

suffered when trying to land by parachute. Later, Lin was sent to the county hostel. Lin Xianshun said: "There is a good human touch on the mainland."

Lin Reportedly Will Make a Trip to Beijing

The relevant Guangdong authorities have given him a fairly enthusiastic reception. The county hostel canteen specially prepared Hakka-flavored rice and dishes for him and the relevant department also sent people to buy a jacket, shoes, socks, and other articles for the Taiwan pilot. The hostel also prepared a warm water bath to enable him to alleviate his fatigue by soaking himself in the water.

What merits attention is the fact that since the Taiwan aircraft crashed yesterday, the relevant mainland authorities have adopted a prudent attitude toward this event. With the exception of a brief XINHUA news item, the local NANFANG RIBAO, GUANGZHOU RIBAO, and YANGCHENG WANBAO have only made brief reports.

Apparently the matter will be further investigated pending a decision by officials at a higher level. It is disclosed that Lin Xianshun will probably go to Beijing within the next few days.

More on Talks With Officials

HK1402031489 Hong Kong WEN WEI PO in Chinese
14 Feb 89 p 2

[Report: "Guangdong Military and Government Leaders Meet With Lin Xianshun"]

[Text] Guangzhou, 13 Feb—Lt Col Lin Xianshun from the Taiwan Air Force said here today that he had flown to the mainland of his own accord to visit relatives and travel. He expressed the hope that the Taiwan authorities will not create difficulties for his family in Taiwan. This morning Lt Gen Zhang Wannian, commander of the Guangzhou Military Region; Guangdong Governor Ye Xuanping; Lt Gen Liu Hequiao, vice commander of the Guangzhou Military Region and concurrently commander of the Guangzhou Air Force; and Lt Gen Zhang Zhenxian, political commissar of the Guangzhou Air Force, met with Lin Xianshun in the compound of the Guangzhou Air Force headquarters. They asked Lin Xianshun about his physical condition and family and welcomed his arrival.

During their meeting Governor Ye Xuanping told Lin Xianshun in the Hakka dialect: "We were both natives of Meixian." Lin replied in the Hakka dialect, too: "I truly hope to see my native place." Ye Xuanping welcomed Lin Xianshun to visit Meixian and other parts of Guangdong Province.

He was welcomed by the relevant officials upon his arrival in Guangdong, Lin Xianshun said, adding that he was very happy to be served real Hakka dishes. At noon Lin Xianshun had a luncheon with local officials.

According to reports, the wounds resulting from the parachute jump have essentially healed.

Jiangsu Governor Greet Taiwan on Spring Festival
OW1302140589 Nanjing XINHUA RIBAO in Chinese
3 Feb 89 p 1

[By reporter Jiang Shui 3068 3055]

[Text] With the approach of the joyous 1989 Spring Festival, provincial Governor Gu Xiulian made a radio speech over the Voice of Haixia [the Strait] and the Voice of Jinling [Nanjing]. On behalf of the provincial government, she warmly welcomed Taiwan compatriots to come to Jiangsu Province to visit relatives, do some sightseeing, or establish various forms of contact. She also invited Taiwan industrialists to invest, do business, or run enterprises in Jiangsu Province.

In her radio speech, Gu Xiulian briefed Taiwan compatriots on economic development in Jiangsu Province in recent years. She said: Jiangsu Province is located in the southeastern coastal region of the motherland and is one of the provinces in China whose economy enjoys rapid development. The gross domestic product, gross value of industrial and agricultural output, and the people's income in Jiangsu Province have ranked in the forefront of all provinces in China for many successive years. Agriculture, forestry, sideline production, fishery, animal husbandry, industry, and commerce all flourish throughout Jiangsu Province. The gross value of social output in rural areas across the province was 154.7 billion yuan in 1988; it has ranked first in China for 5 years in a row. Per capita grain allocation averages 500 kg or more. Rural village and town enterprises have enjoyed such development that they now boast considerable financial strength and production scale. So far, 1,200 products have been exported to more than 100 countries and regions. Gratifying changes are taking place in the industrial and economic structure throughout the province. A number of large and medium-sized key enterprises in the fields of energy and raw and semifinished materials, such as the Yangzi Petrochemical Industrial Company, the Yizheng Chemical Fiber Associated Companies, the Jiangnan radio equipment factory, the Xuzhou Huaihai cement factory, the Datun coal mine, the Zhenjiang Jianbi electric power plant, the Xuzhou electric power plant, and the Nanjing gypsum mine, have been set up in succession. Newly developed industries, such as electronic instruments, precision machinery, and fine chemical and chemical fiber industries, have gradually been established. As a result, the six mainstay industries—the textile, machinery, electronics, petrochemical, building materials, and foodstuff industries—have been consolidated. Jiangsu Province has become an important base of the electronics industry in China and its petrochemical industry is also developing into an industrial system that incorporates primary, secondary, and ancillary production facilities.

Gu Xiulian told the Taiwan compatriots that there are 9 cities directly under the jurisdiction of the province and 40 counties open to the outside world in Jiangsu Province now, and that an export-oriented structure with

multiple levels and focal operations is preliminarily taking shape in the province. Jiangsu Province has established economic relations and is conducting trade with more than 130 countries and regions in the world. It has one of China's six large ports. There are at present 247 enterprises that either are joint ventures, are cooperating with overseas firms, or are independently owned by foreign businessmen in the province. Many of the enterprises are being run successfully. Gu Xiulian said: Some Taiwan compatriots have already come to invest and set up enterprises in Nanjing, Wuxi, Yancheng, and Huaiyin. Last year, many of them visited Jiangsu Province for business negotiations with a resultant trade volume of more than 90 million renminbi yuan and signed a number of contracts on cooperation projects. Two groups of businessmen from Taiwan computer industry circles visited Jiangsu Province for successive business surveys at the end of last year and this January. Jiangsu Province will hold its third export trade fair in Nanjing from 27 February to 8 March. We eagerly look forward to having more Taiwan compatriots and industrialists visit us then. Gu Xiulian said: With its favorable conditions of having an abundant labor force and strong capabilities in science, technology, and industrial processing, Jiangsu Province warmly welcomes Taiwan compatriots to come here to develop processing of materials supplied by foreign firms, engage in production in accordance with buyers' samples, and assemble parts supplied by clients; conduct compensation trade; run enterprises with sole ownership; set up economic development zones; and carry on various forms of economic and technical cooperation. Jiangsu Province will offer various kinds of preferential treatment to investors and effectively protect their rights and interests.

Taiwan TV Stations Broadcast Mainland Programs
OW1102061889 Shanghai Voice of Pujiang
in Mandarin to Taiwan 1000 GMT 3 Feb 89

[Text] According to a reports in Taiwan newspapers, despite repeated interference from the Government Information Office of Taiwan, recently Taiwan's two major television stations—the Taiwan Television Enterprise [TTV] and the China Television Service [CTS]—have persisted in broadcasting television programs that introduce the situation on the mainland.

Not long ago, TTV and CTS began broadcasting a special series on the mainland perspective and one on the current situation at Beijing University. The two special series immediately caught the attention of the Government Information Office of Taiwan. TTV and CTS were compelled to stop broadcasting the two special series at once. However, considering the fact that it is not easy for them to resist audience pressure and because they believe they are not violating any regulation of the authorities, TTV and CTS resolutely made a decision on 27 January to resume broadcasting the two special series. Shortly before and after resumption of the broadcasting of the two series, the Radio and Television Affairs Department of the Government Information Office of Taiwan made numerous telephone calls to exert pressure on those in charge of news programming at TTV and CTS. However, the efforts proved futile.

Further on Investigation Into Pilot's Defection

OW1402110789 Taipei International Service
in English 0200 GMT 14 Feb 89

[Text] Following the defection of an ROC [Republic of China] Air Force F-5E jet fighter to Mainland China on Saturday [11 February], the Ministry of National Defense on Monday unveiled the result of a preliminary investigation. According to the ministry, the pilot, Lt Col Lin Hsien-shun [Lin Xianshun], has had a regular simple life over the years. However, he has become quite upset recently as severe stress threatens his family, and his flights were suspended several times due to a nose disease and headache. The ministry said that further investigation is under way to uncover all the factors leading to Lin's defection to the Chinese communists.

In addition, lawmaker Chao Shao-kang on Monday called on the government to quickly review the latest defection of an ROC Air Force fighter pilot. Those held responsible for the event should be duly punished, while precaution should be immediately taken to prevent any repetition of the kind. The outspoken legislator of the ruling party noted that it is a poor excuse to attribute the defection to the pilot's indulgence in gambling or his family stress. What the incident revealed are serious defects in the nation's air defense and military operations. Chao stressed that defense spending accounts for more than half of the country's total budget, and the people on Taiwan are entitled to enjoy a sound air and sea defense. Therefore, the military should engage in serious reform.

Radio Cites Criticisms of Mainland Dissident

OW1302151289 Taipei International Service
in English 0200 GMT 13 Feb 89

[Station commentary: "Fang Li-chih on the Loose"]

[Text] Fang Li-chih, the mainland Chinese astrophysicist who has become known as the Sakharov of Communist China, is on the loose again, this time sounding off against the Peking regime in THE TORONTO GLOBE AND MAIL. Fang is Communist China's most outspoken dissident.

In THE GLOBE AND MAIL interview, Fang reveals that he has been banned from making trips abroad. In Europe and Hong Kong last year, Fang continued to criticize the Chinese Communist regime for its Marxist-Maoist excesses. Fang was expelled from the Chinese Communist Party himself after Peking held him responsible for a series of student demonstrations that rocked the mainland in December 1986.

Fang said that if Peking does not permit him to travel abroad, he will sooner or later become a problem for them at home.

Fang boldly declared in THE GLOBE AND MAIL that Teng Hsiao-ping is the root of the problem because he "belongs to the generation of Mao Tse-tung." Fang criticized Teng for allowing some changes in the economy, but behaving like Mao in the area of ideology.

When asked if he was being used by Peking as a token, showcase dissident Fang dismissed the notion. But many observers of the mainland scene feel otherwise.

For one thing, they see Fang as a sort of barometer of the political permissiveness on the mainland. It is supposed that Fang has been singled out for this distinction, since there is no denying that he is a special case when it comes to Peking's tolerance for dissent.

While trapezists [as heard] around the mainland sounding off about human rights and the Chinese Communist regime's abuses thereof, other dissidents, who have said much less stinging things about Chinese Communism or the Chinese Communist leadership, continue to waste away in Peking prison camps and jails.

One such dissident is Wei Ching-sheng, the Democracy Wall activist, who was jailed in 1979, following the Peking spring of dissent. Wei merely urged democracy for the mainland, coming nowhere near the bounds of criticism permitted for Fang.

Thus Fang's relative freedom to speak out, specially against individual leaders, including Teng Hsiao-ping, raises legitimate concerns in the West and elsewhere in the free world that Fang is indeed being used by Peking as a token dissident.

This month, THE NEW YORK TIMES BOOK REVIEW will publish an article by Fang in which he severely attacks 40 years of Communism on mainland China.

The article will surely be seen as Fang's newest test of Peking's tolerance for political debate, that is, if Peking takes Fang seriously in the first place.

Whether Fang is a token or not, the fact remains that he is a very courageous individual. It takes an incredible amount of daring to play chicken, even just with words, with the Chinese Communist regime. Fang's world could come to an end with a simple knock on the door in the middle of the night, as it did for Wei and countless others over the years. As Fang serves as the leading source of dissident information about the mainland, we certainly hope that fate will not befall him.

Former Bush Chief of Staff Interviewed

OW1002054289 Taipei LIEN HO PAO in Chinese
29 Jan 89 p 2

[By LIEN HO PAO reporter Sun Yang-ming]

[Text] Craig Fuller, former chief of staff to U.S. President Bush, is visiting Taipei on invitation. Fuller served under Bush for 4 years and left his job only recently.

Bush's comment on Fuller is: "He was my best election companion, and he knew what I wanted." Fuller agreed to an interview with this paper yesterday. The following are excerpts from the interview:

Happy to See Economic and Trade Contacts Between the Two Sides Across the Taiwan Strait

Question: I would like to know what the real U.S. position is on the status of the Taiwan Strait. Does the United States want to maintain the status quo here? Or does it want to pursue a policy of "fostering an environment conducive to contacts between the two sides," as stated by Secretary of State Shultz?

Answer: First, I think the United States has a long friendship with Taiwan. The Bush I know will not change the original Reagan policy, and hopes to maintain the status quo in the Taiwan Strait.

Besides, Bush does not wish to get involved in changes that might take place in the Taiwan Strait, whatever those changes might be. But, in the long term, we hope to see an expansion of economic and trade relations across the Taiwan Strait.

Question: Almost everyone who knows Bush says he will not change Reagan's policy. But, circumstances are different today. The Chinese and Soviet Communists will hold a summit meeting this spring. How can Bush maintain the policy unchanged?

Answer: I do not think Bush will change. I do not think he will go beyond the bounds of the two agreements (editor's note: the Shanghai communique and the 17 August communique) to change relations with Taiwan. As for our dialogue with the Soviet Union, progress can be made, even without really playing the China card. I do not think that playing the China card is the purpose of President Bush's China visit. I don't even think the Soviet threat will cause a change in U.S. China policy.

No New Agreement Will Be Reached on the Taiwan Question

Question: What is President Bush's ideal scenario with regard to the U.S.-USSR-China triangular relationship?

Answer: Stability will be stressed in solving problems, in expanding economic and trade relations among the three, and in reducing conventional and nuclear arms deployed by both the United States and the Soviet Union in Europe. These matters will be handled in ways ensuring stability. He does not wish to see any scenes of "an eye for an eye, and a tooth for a tooth."

His forthcoming visit to Mainland China can only be assessed by what information he takes with him. But, I have no reason to believe that he will change the policy on Taiwan.

Question: Therefore, you do not think that, during this trip, he and Teng Hsiao-ping will reach any substantive agreement, or even an understanding, on the Taiwan question?

Answer: Although I do not know what information he will take with him, I do not think any new agreement will be reached during the trip, and I do not think his trip will result in a change in the policy on Taiwan.

Bush Used to Defend U.S. Relations With Taiwan

Question: The "strategic friendship" between the United States and the Chinese Communists has been on a constant decline. Some Americans have suggested that the United States should establish common grounds with the Chinese Communists in other areas. In your view, in what area does President Bush intend to strengthen relations with the Chinese Communists?

Answer: I do not think we shall strengthen relations with the Chinese Communists in any particular area.

Question: If the United States does not, then maybe the Soviet Union will cash in on the situation?

Answer: Not exactly; I don't think so. I think we hope the market mechanism will continue to be introduced into China, and our businessmen hope to strengthen economic and trade relations with them. But, the Chinese Communists are slow in this regard compared with Taiwan.

I do not think there will be any dramatic change in Mainland China. I do not think Bush will erect a new framework of relations with the Chinese Communists.

Question: A general feeling here is that, in drawing the Chinese Communists closer to its side, the United States will sacrifice Taiwan like a bargaining chip.

Answer: I understand your concern. But, I do not think this existing relationship will be corroded, nor will it be made a bargaining chip in our relations with the Chinese Communists.

I had opportunities to be with Bush in Mainland China. Some people did suggest that he treat Taiwan in this way. But, he took great pains to defend our relations with Taiwan. President Bush very much understands the situation in this region, and will not change the policy without careful consideration.

Premier Urges Unity To Achieve Economic Goals

OW1402045689 Taipei CNA in English 0300 GMT
14 Feb 89

[Text] Taipei, Feb. 14 (CNA)—Premier Yu Kuo-hua called Monday for both the government and local entrepreneurs to unite efforts in the year ahead in order to thoroughly implement the nation's 1989 economic development plan.

The premier made his appeal at a Taipei World Trade Center tea party attended by more than 1,500 local business leaders in celebration of the just past Lunar New Year.

In a review of domestic affairs in 1988, Yu recalled that the Republic of China [ROC] had encountered many challenges, such as an increasing number of social dislocations and labor-management disputes that deeply affected social order and investment willingness.

The economy, fortunately, still grew 7.1 percent in spite of these unfavorable factors, and per capita GNP (gross national product) reached U.S. dlr [dollars] 6,045, Yu said.

Speaking on economic prospects for 1989, Yu predicted that as annual economic growth rate for industrialized countries is projected to average 3.5 percent, slightly lower than that of 1988, the ROC, whose exports rely heavily on industrialized countries, has therefore adjusted its economic growth projections downward to about 7 percent.

Foreign trade is expected to reach U.S. dlr 120 billion with a trade surplus lower than U.S. dlr 10 billion, Yu added.

The ROC's economy, Yu continued, is going through a transitional period after several decades of fast growth driven by exports. "Now we must slow our exports and increase domestic demand, so as to maintain stable economic growth."

The premier hoped that local businessmen would work closely with the government so the ROC could reach the goal.

The government will continue to cut tariffs and ease import restrictions in 1989, but more civilian efforts will be needed to diversify the nation's foreign markets, Yu said.

The premier also pledged to further expand domestic demand by improving local investment climate, and by increasing public sector investment.

At the same time, the government is considering using tax incentives to help develop high-tech industries. Yu especially hoped that more high technology could be introduced into the ROC from the U.S. and Japan.

Current labor-management relations must be more harmonious. While hoping local business concerns will comply with the Labor Standards Law, Yu also vowed to punish all law-breakers, saying that they would be strictly dealt with according to the law.

Other government's efforts will focus on environmental protection, which is increasingly important as ROC living standards have risen significantly in recent years, and the launching of the overseas economic cooperation development fund which will assist other friendly countries to develop their economies.

Hong Kong Exports, Imports Show Increase

OW1302014489 Taipei CNA in English 1401 GMT
12 Feb 89

[Text] Hong Kong, Feb. 12 (CNA)—Hong Kong imported HK [Hong Kong] dlr [dollars] 44,357 million worth of commodities from the Republic of China [ROC] in 1988, according to government statistics released Sunday.

The figure which represented an increase of 33 percent over 1987 placed the ROC as the third major supplier for the territory.

During the same year, the value of goods exported to the ROC through Hong Kong also increased by 46 percent to reach HK dlr 14,130 million.

The ROC was the fourth major market for Hong Kong's re-exports, preceded by China mainland, the United States and Japan respectively.

The value of total merchandise trade of Hong Kong in 1988 stood at HK dlr 991,867 million, growing by 31 percent.

During the year, domestic exports to the U.S., Hong Kong's largest domestic export market, increased by less than one percent in value terms.

The market with more significant growth in domestic exports included China mainland, Singapore, the Netherlands, Japan and the United Kingdom.

Foreign Investment Expected To Rise in 1989

OW1102124389 Taipei CNA in English 1026 GMT
11 Feb 89

[Text] Taipei, Feb. 11 (CNA)—Foreign investments in the Republic of China will continue to grow this year, Economics Ministry officials said yesterday.

According to government statistics, foreign investments in Taiwan exceeded U.S. dlr [dollars] 1.18 billion in 1988, down 17 percent from 1987. The gap was mainly because several large-scale investment projects were approved in 1987, the ministry officials said.

Compared with 1986, the officials noted, the 1988 foreign investments still grew significantly. Moreover, the number of approved foreign investment projects totaled 527 in 1988, 47 more than those approved in 1987.

Of 1988 foreign investments, some U.S. dollars 121 million came from overseas Chinese investors, particularly those from Hong Kong and the United States. Foreign nationals invested more than U.S. dollars 1.06 billion in Taiwan in 1988, with Japanese leading the list of investors. Europeans replaced Americans as the second largest investors in Taiwan for the first time last year.

Europe is expected to remain the second largest foreign capital source for Taiwan this year, the officials said.

The officials, however, warned if recent labor-management disputes cannot be resolved soon, foreign investments may be adversely affected.

They urged local industrialists and labor union leaders to cooperate to pacify labor unrest so as to attract even more foreign investments to sustain the nation's economic growth.

Meanwhile, the domestic investment picture has shown dramatic changes during the past year with commercial investments increasing substantially as manufacturing and government investments slowing, the Ministry of Economic Affairs said.

According to government statistics, gross domestic fixed capital formation reached NT [new Taiwan] dollars 694.3 billion last year, an increase of 13.72 percent over 1987. Construction investments totaled NT dollars 314.4 billion, top for capital goods investments. [sentence as received]

Cabinet Calls for Military Legal Code Amendment

OW1002134489 Taipei International Service
in English 0200 GMT 9 Feb 89

[Text] The cabinet, in a written reply to the Legislative Yuan, stated that the military legal code of the three arms of the Armed Forces—the Navy, Army, and Air Force—has not been amended since 1937. The cabinet said that various articles in the code are no longer suited to today's time and need to be amended.

The cabinet was replying to interpellation by legislator Huang Mingho. However, the cabinet did state that because the military legal code is a special law, amendments in other laws which will allow the code to be amended will first have to be dealt with.

Currently, the Ministry of National Defense is studying the proposed amendments and collecting information for reference.

Kuomintang Campaign Seeks People's Support

OW1402045589 Taipei CNA in English 0317 GMT
14 Feb 89

[Text] Taipei, Feb. 14 (CNA)—The ruling Kuomintang [KMT] will launch a large-scale campaign for public support on Feb. 19 by sponsoring a series of lecture rallies throughout the country, ranking KMT officials announced Monday.

Director John Kuan of the Organizational Affairs Department of the KMT Central Committee told a press conference that the objective of the drive is to "make the efforts and ideals of the KMT better known to the public" and to encourage the people to work together with the KMT for democracy, freedom and prosperity in the Republic of China [ROC].

According to the plan, more than 80 famous KMT members, including ranking government officials, scholars, parliamentarians, feminists and artists, will visit cities, towns and the countryside to meet with local residents and speak on different issues.

Among the celebrated speakers are Fredrick Chien, chairman of the Council for Economic Planning and Development; Economics Minister Chen Li-an; Justice Minister Hsiao Tien-tzang; Director-General Shaw Yu-ming of the Government Information Office; Vice Foreign Minister John Chang; Legislators Jaw Shau-kong and Li Sheng-feng; and actor Sun Yueh.

According to Director Raymond Tai of the KMT Central Committee's Cultural Affairs Department, the campaign, the first of its kind in the history of the party and the nation, will last until March 5.

Tai stressed that the plan shows that the KMT is a responsible and responsive political party which sincerely hopes to learn from the public's opinions and to communicate with the public.

John Kuan also took advantage of the occasion to note that "everything the KMT does aims to accelerate the pace of the nation's modernization in order to create a political miracle on Taiwan following its world-renowned economic miracle."

The political miracle, he explained, would make the ROC democratic and socially stable at the same time. The KMT is confident it can realize its goal, Kuan said, because it is also the common wish of the general public.

Hong Kong

U.S. Statement on Law Firms Called Interference

HK1102035389 Hong Kong SOUTH CHINA
MORNING POST in English 11 Feb 89 p 4

[By Chris Yeung]

[Text] A local delegate to the Chinese National People's Congress, Miss Liu Yiu-chu, plans to meet top judiciary officials in Beijing next week to express concern over the Government's move to relax restrictions on foreign law firms.

Miss Liu, a lawyer, said officials of the Ministry of Justice should be made fully aware of the adverse effects of the plan to allow foreign law firms to practise here through local solicitors.

Her lobbying effort follows a statement issued by the United States Consul General in Hong Kong, Mr Donald Anderson, on the controversial issue.

Asked if the United States had pressured the administration into allowing foreign law firms to practise here, Mr Anderson said: "There were no threats.

"The American law firms here and other foreign law firms—the Australians, Canadians—have all joined us and have said that they feel it would be to Hong Kong's advantage to enable large international firms to be able to retain and hire local lawyers who would be able to practise law in Hong Kong.

But Miss Liu said: "That was clear interference. Beijing should not hesitate to voice its concern if a third country has begun interfering with local affairs of Hong Kong.

It is understood that the State Council's two major ministries in charge of Hong Kong affairs—the Foreign Ministry and the Hong Kong and Macao Affairs Office—have been closely monitoring the issue.

The Foreign Ministry's Chinese office of the Sino-British Joint Liaison Group headed by Mr Ke Zaishuo has also been looking into the Government proposal.

Miss Liu, who is also a Basic Law drafter, is going to Beijing with two other local NPC deputies to relay and explain local concerns over the second draft of the mini-constitution to a group of standing committee members of the Chinese legislature.

The 130 members, including Mr Xu Jiatun, local director of the NEW CHINA NEWS AGENCY and business tycoon, Mr Henry Fok Ying-tung, are to discuss and approve the second draft when they meet at the Great Hall of the People from Wednesday until February 21.

Xu Jiatun Meets With Former French President

OW1302215089 Beijing XINHUA in English
1550 GMT 13 Feb 89

[Text] Hong Kong, February 13 (XINHUA)—Xu Jiatun, director of XINHUA NEWS AGENCY Hong Kong Branch, today expressed the hope that China and France will further promote their mutual understanding and cooperation.

At a meeting with former French President Valéry Giscard d'Estaing, Xu appreciated the efforts made by France to the development of bilateral trade and friendship.

D'Estaing, who arrived here last Thursday on a private visit, said during his visit to a China-France joint venture in Guangzhou recently, he found the two sides cooperated very well by which he was deeply impressed.

Upon his return home, D'Estaing said, he will encourage more French entrepreneurs to invest in China.

At the former president's request, Xu touched on the relations between Hong Kong and its neighboring provinces in the Chinese mainland after 1997.

Xu said after 1997 the current social and economic systems in Hong Kong will remain unchanged. The economic ties between Hong Kong and the mainland will become closer.

He noted that it was said that after 1997 Shenzhen and Hong Kong will be merged into one, adding that "it is not true".

Xu said the relations between Hong Kong and the mainland have entered a new stage since China and Britain signed a joint declaration on the future of Hong Kong in 1984, especially after China implemented a policy of reform and opening to the outside world.

The mainland regards Hong Kong as a bridge for its development, while Hong Kong becomes an important channel for mainland's absorbing foreign investment and experience.

Over the past few years, Xu said, the foreign funds that China has absorbed are mostly from Hong Kong. Many Hong Kong's manufacturing factories have been transferred to the mainland.

The relations between Hong Kong and the mainland is that of mutual help and benefit. With its development, Hong Kong will probably become one of the important ports for provinces south of the Yangtze River, he said.

Omelco Panel Discusses Possible 'Bill of Rights'
HK1202023289 Hong Kong SOUTH CHINA
SUNDAY MORNING POST in English 12 Feb 89 p 2

[By John Tang]

[Text] Hong Kong should not consider enacting a Bill of Rights until the Basic Law was promulgated in a year's time, the Omelco [Office of Members of the Executive and Legislative Councils] Panel on Constitutional Development said yesterday.

The convener of the panel, Legislative Councillor Mr Andrew Wong Wang-fat, said a Bill of Rights might not even be necessary if the mini-constitution provided sufficient human rights protection.

Referring to a draft provision of the Basic Law which would allow Hong Kong to introduce legislation to implement clauses from two international human rights accords after 1997, Mr Wong said legislators had reason to be optimistic.

The two covenants are the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights.

They apply to Hong Kong now because Britain is a signatory, but they may cease to apply after 1997 because China is not.

Speaking after a panel meeting, Mr Wong said members supported, in principle, a suggestion to group under one code laws concerning civil liberties, pending the promulgation of the Basic Law.

A second possibility was for the government to continue its effort to review and amend existing legislation concerning human rights, he said.

Both the proposed Bill of Rights and amended legislation could be carried forward after 1997 if they did not contravene the mini-constitution.

Another possibility was for China to become a signatory of the two international covenants before 1997 so they could apply automatically to Hong Kong after 1997, he said.

"Although this is up to China to decide, we have reason to believe that it is considering the matter seriously," Mr Wong said.

"In the meantime we are paying attention to the drafting of the Basic Law to see whether it is compatible with the combination (of the three possibilities) we agreed to."

Yesterday, the panel ruled out as infeasible three proposals to protect local civil rights put forward in a panel meeting last December. They were:

—For Britain to negotiate with China to allow Hong Kong, on its own, to become a signatory of the two covenants before 1997;

—For Britain to negotiate with China to allow Hong Kong, on its own, to become a signatory of the two covenants after 1997.

—For Britain to ratify and extend to Hong Kong the Optional Protocol of the International Covenant on Civil and Political Rights. This allows individual citizens to complain about infringements of civil liberties through the United Nations Human Rights Committee, after all possible channels within the state have been exhausted.

Mr Wong said the first two proposals were not feasible because only a sovereign state member of the United Nations could become a signatory.

The third proposal was also not practical because the protection would cease to apply after 1997 when Hong Kong became a part of China, he said.

In addition, the rights under the optional protocol could not apply to Hong Kong without applying to Britain and its other dependent territories, which would lead to confusion because Britons were protected by another agreement, the European Convention on Human Rights, he said.

Survey Predicts Shortfall of Workers by 1994

HK1002033989 Hong Kong SOUTH CHINA
MORNING POST in English 10 Feb 89 p 3

[By Kenneth Ko]

[Text] Hong Kong will be suffering from a shortfall of 400,000 workers by 1994 if the government continues to allow the territory's acute labour shortage to deteriorate, according to the initial findings of a survey commissioned by nine leading business and industrial groups.

The business lobby, now putting the finishing touches to the draft report, is expected to present the figures to the government early next month as part of its campaign for a more open labour import policy.

The report, compiled by a team of university researchers and banking economists, puts the current labour shortfall at 150,000, representing six percent of the 2.8 million-strong workforce.

Given a projected three to four percent annual growth for the local buoyant economy, the demand for manpower will continue to surge in the years to come, it says.

If the situation is allowed to remain unchecked, Hong Kong will be short of 400,000 workers in various sectors within six years.

The researchers predicted an annual 16 percent growth in the demand for senior technical staff, nine percent for middle-ranking ones, and 10 percent for junior technicians.

The demand for unskilled labour, on the other hand, is expected to rise by seven percent.

The series of studies is co-sponsored by the General Chamber of Commerce, the Chinese General Chamber of Commerce, the Chinese Manufacturers' Association, the Federation of Hong Kong Tourist Association, the Federation of Hong Kong Hotel Owners, the Hong Kong Construction Association, the Hong Kong Textile Council and the Retail Management Association.

Legislative Councillor Martin Barrow, who heads the groups' joint working group, yesterday said they were still working hard on the study.

Mr Barrow, who also chairs the Hong Kong Tourist Association, declined to disclose details of their initial findings.

Mr Jimmy McGregor, who represents the General Chamber of Commerce in the legislature, was also tight-lipped about their next move.

It is understood that the groups would like to be seen as impartial and are worried that premature disclosure of the outcome of their surveys might jeopardise their lobbying efforts with the Government.

But it is understood that the business lobby would recommend in their forthcoming submission to the Government to:

Be more flexible in implementing existing policy of importing overseas labour.

Review the present policy and relax its ban on the import of foreign labour.

Further relax job placement policy for Vietnamese refugees in Hong Kong.

The lobby has also explored the feasibility of importing contracted labour from abroad and studied its potential impact on the territory's housing, transport and social welfares.

The draft report has come to the conclusion that all these potential difficulties would not constitute insurmountable obstacles and could be resolved.

It suggests, for instance, that employers can offer imported workers separate accommodation to reduce the demand on local housing.

The nine groups will meet again soon to further discuss the draft report with a view to working out a concerted strategy.

The studies, started two months ago, will hopefully provide a clearer picture of demands on the labour force in the manufacturing, construction and service industries.

The dominant mood in the legislature is that employers should be allowed to import overseas workers in a carefully controlled manner to alleviate the apparent labour crisis in some sectors.

Most councillors, however, are worried that large-scale importation of overseas workers would lead to serious security and social problems.

Legislative Councillor Paul Cheng Ming-fun, a former president of the American Chamber of Commerce, said he was in favour of the controlled import of foreign labour.

"With a replacement airport in the pipeline, the demand for construction workers will certainly continue to rise. I can't see why workers should not be allowed in to work on a specific project and leave the territory upon completing their contracts," he said.

At present, the Government only allows employers to engage overseas workers whose skills are unavailable locally.

Trade Value Increases 31 Percent in 1988

OW1302114389 Beijing XINHUA in English
0916 GMT 13 Feb 89

[Text] Hong Kong, February 13 (XINHUA)—Hong Kong's total merchandise trade value in 1988 amounted to 991,867 H.K. [Hong Kong] million dollars (127,162 million U.S. dollars), a 31 percent increase compared with 1987.

The latest statistics released by the Hong Kong Census and Statistics Department show that over the same period of comparison, the value of total exports increased by 30 percent to 493,069 million H.K. dollars (63,213 million U.S. dollars), made up of domestic exports of 217,664 million H.K. dollars (27,905 U.S. dollars) and re-exports of 275,405 million H.K. dollars (35,308 U.S. dollars).

On the basis of same comparison, Hong Kong's domestic exports grew by 11 percent while re-exports soared 51 percent. The value of imports grew by 32 percent to 498,798 million H.K. dollars (63,948 million U.S. dollars).

A merchandise trade deficit of 5,729 million H.K. dollars (734 million U.S. dollars), equivalent to 2.7 percent of the value of imports, was recorded in 1988, compared with a small surplus of 87 million H.K. dollars (11 million U.S. dollars) in 1987.

The official trade figures also show that the value of domestic exports in December grew by 12 percent to 21,175 million H.K. dollars (2,715 million U.S. dollars) while re-exports rose by 48 percent to 28,121 million H.K. dollars (3,605 million U.S. dollars).

The total exports for December was thus 49,296 million H.K. dollars (6,320 [million] U.S. dollars), 30 percent higher than in December 1987, and the imports grew by 29 percent to 50,186 million H.K. dollars (6,434 million U.S. dollars).

Macao

Governor on Improving Relations With PRC
HK1202084489 Beijing ZHONGGUO XINWEN
SHE in Chinese 1422 GMT 10 Feb 89

[Report: "Macao Governor on Sino-Portuguese Relations, Zhou Nan's Macao Visit—ZHONGGUO XINWEN SHE headline]

[Text] Macao, 10 Feb (ZHONGGUO XINWEN SHE)—Macao Governor Mr Carlos Melancia has regarded the official stationing of the Sino-Portuguese Liaison Group in Macao in mid-February and Zhou Nan's visit to Macao in early March as auspicious omens for the region with the Year of the Snake just beginning. He believes that Zhou Nan's visit will make the work in Macao all the more smoothly from now on. The governor made the above statement while meeting with some responsible personalities of Macao's media today.

Governor Melancia has said that he has faith in strengthening Sino-Portuguese friendly relations, and is full of confidence in Macao's future.

The Macao Governor holds that his visit to Beijing and Guangzhou last year, the Hong Kong and Macao Affairs Office Director Ji Peng Fei's visit to Macao, and the Portuguese Parliamentary Delegation and the Portuguese Foreign Minister's visits to Macao in succession have been greatly helpful to the work of the Macao Government.

Regarding the localization of civil servants, the Macao governor stated that a concrete plan will be published in April.

On the building of the Macao International Airport, he disclosed that the contracts on the construction of the airfield, and the airport's exclusive operation will be officially initialed sometime next week. The runway will be built on a groundwork of piles.

With regard to Taiwan businessman making investments in initiating an industrial district in Macao, Governor Melancia stated that to date, the Macao authorities have already received a proposal by Taiwan banking groups

on a project of reclaiming an acreage of 240 hectares by filling in the sea along Luhuan and Taipa. Right now, the Macao Government is studying the proposal.

PRC Official Hints at Increased Cooperation
HK1402044789 Hong Kong HONGKONG STANDARD
in English 14 Feb 89 p 2

[Text] Working together for a brighter future was the Lunar New Year message for the people of Macao from China's most senior representative in the Portuguese enclave, Mr Zhou Ding.

In a speech stressing unity and co-operation, given during a spring festival reception hosted by the Macao branch of the XINHUA NEW AGENCY, Mr Zhou urged the people of Macao to make even better use of the Sino-Portuguese Joint Declaration.

Mr Zhou, director of the agency, also called on the people of Macao to work wholeheartedly as one team for their future. He said they should plan well, take account of the reality of the situation and not miss the right moment in pursuing a brighter future.

"I sincerely hope that China and Portugal will co-operate better and that friends of different sectors of Macao will unite in their efforts to promote the prosperity and progress of Macao," Mr Zhou said.

Political analysts here interpreted Mr Zhou's remarks as broad hints for the Macao Governor to improve co-operation with China and to follow more closely the principles laid down in the Joint Declaration.

Portugal's President Soares To Visit 28 Feb
HK1202074589 Hong Kong AFP in English
0642 GMT 12 Feb 89

[Text] Macao, Feb 12 (AFP)—Portuguese President Mario Soares will make a four-day visit to Lisbon's tiny enclave of Macao at the end of this month, sources close to the local administration said here Sunday.

President Soares will arrive on February 28 and stay until March 3, on his first visit to the possession on China's southern coast as Portuguese head of state.

He will come in via Hong Kong, the British colony across the Pearl River estuary from Macao, after attending the funeral of Japan's Emperor Hirohito on February 24, the sources said.

They described President Soares' visit as a working one.

Macao is to be returned to Chinese sovereignty in 1999, two years after Hong Kong.

'Integration' Program To Prevent 'Brain Drain'
HK1102021989 Hong Kong HONGKONG STANDARD
in English 11 Feb 89 p 1

[By Harald Bruning in Macao]

[Text] A total of 3,000 policemen, wardens and firemen will be able to opt for integration into their respective services in Lisbon.

Reliable police sources said Portugal and Macao have agreed in principle on the integration issue although language remained a major problem.

Commander of the Macao Security Forces, Colonel Jose Proenca de Almeida, left yesterday for a week-long visit to Lisbon during which he is expected to hold talks with police and armed forces chiefs on integrating Macao police and firemen into the Portuguese civil service.

Police statistics show more than two-thirds of the security forces' personnel do not have a working knowledge of Portuguese.

Most of Macao's rank-and-file police are ethnic Chinese while those at inspectorate level are mostly Portuguese-speaking Macanese.

Government sources said the integration programme would begin in the early 1990s and last several years. It will be completed before 1999 to make it easier for local aspirants to settle down in Lisbon.

The entire civil service is expected to be offered the opportunity of working in Portugal and observers believe a majority will opt for it.

The Chinese team of the Sino-Portuguese Joint Liaison Group is said to have raised the integration issue at the last two meetings because Beijing was worried about the possible brain drain.

The Chinese have reportedly pressed for speedy localisation of Macao's 10,000 civil servants.

Few doubt Lisbon's sincerity to carry out integration.

"They integrated tens of thousands of civil servants from Africa after the democratic revolution in Portugal in April 1974 without any major problems.

"We are only a few thousand," a Macanese civil servant said.

Commentary on Decade of Relations With Portugal
OW1002130789 Beijing in Mandarin to Taiwan
1500 GMT 7 Feb 89

[Station commentary: "Usher in the Second 10 Years of Sino-Portuguese Friendship and Cooperation"]

[Text] The PRC and the Republic of Portugal officially established diplomatic relations 10 years ago, on 8 February. It was a major event in the history of Sino-Portuguese relations.

We note with satisfaction that Sino-Portuguese relations have developed in a healthy way over the past 10 years, since they were established. Leaders of the two countries have often exchanged visits, and economic, trade, scientific, technological, cultural, educational, and sports exchanges between the two countries have continuously increased.

The two countries signed a trade agreement in 1980 and an agreement for economic, industrial, and technical cooperation in 1982. The volume of trade between the two countries has kept grown. According to figures provided by the Ministry of Foreign Economic Relations and Trade, the volume of trade between the two countries was only U.S. \$10.9 million in 1981. However, the volume of trade between the two countries in the first 11 months of 1988 reached U.S. \$58.71 million.

A major event worth celebrating occurred in the 10 years since the establishment of diplomatic relations between China and Portugal: The two countries' governments satisfactorily solved the Macao question, a longstanding issue left over from history, in a short time through friendly consultations in a spirit of mutual understanding and concessions. On 26 March 1987 in Beijing, the governments of the two countries initialed a joint statement on the Macao question, announcing that the Chinese Government would resume its exercise of sovereignty over Macao as of 30 December 1999.

On 15 January 1988 in Beijing, the two governments exchanged instruments of ratification of the joint statement, which became effective at that time.

The satisfactory solution of the Macao question represents an important milestone in the history of Sino-Portuguese relations. It also successfully sets a new example of a peaceful settlement of an international dispute.

Nearly 2 years have elapsed since the signing of the Sino-Portuguese joint statement. During this period social stability has prevailed in Macao and its economy has steadily developed. This proves that the Sino-Portuguese joint statement is a good one that will certainly be implemented smoothly.

The second 10 years of Sino-Portuguese relations are beginning. We are fully confident that relations between the two countries will develop further. This is because the development of Sino-Portuguese relations and the strengthening of mutually beneficial cooperation are in accord with the common interests of the people of the two countries and conducive to maintaining world peace and stability. We are convinced that China and Portugal will usher in another 10 years of closer cooperation.

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